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PANAMA CANAL MISCELLANEOUS

HEARINGS
BEFORE THE
SUBCOMMITTEE ON THE PANAMA CANAL
OF THE
COMMITTEE ON
MERCHANT MARINE AND FISHERIES
HOUSE OF REPRESENTATIVES
NINETY-FIFTH CONGRESS

FIRST SESSION
ON
C.Z. BIOLOGICAL AREA AUTHORIZATION—H.R. 3348
MARCH 22, 1977

PROBLEMS OF CANAL ZONE RESIDENTS AND
EMPLOYEES

APRIL 12, 13, 1977—BALBOA, CANAL ZONE

Serial No. 95-9

Printed for the use of the Committee on Merchant Marine and Fisheries



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U.S. GOVERNMENT PRINTING OFFICE

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WASHINGTON : 1977

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CONTENTS

CANAL ZONE BIOLOGICAL AREA AUTHORIZATION

	Page
Hearing held—March 22, 1977.....	1
Text of—H.R. 3348.....	2
Reports from—	
General Accounting Office.....	3
Interior Department.....	5
Panama Canal Company.....	6
Smithsonian Institution.....	8
Statement of—	
Challinor, Dr. David, Assistant Secretary for Science, Smithsonian Institution.....	11
Jameson, John F., Assistant Secretary for Administration, Smithsonian Institution.....	11
Rand, Dr. A. Stanley, Assistant, Smithsonian Tropical Research Institute.....	11
Rubinoff, Dr. Ira, Director, Smithsonian Tropical Research Institute.....	11
Prepared statement.....	15
Additional material supplied—	
Smithsonian Institution:	
Contract No. 1, informal translation by the Embassy.....	49
Cooperative research with universities and other organizations in foreign countries.....	76
Current and future research projects conducted by Smithsonian scientists on Barro Colorado Island.....	65
Examples of STRI research with applications to resource management, disease control, wildlife conservation, food production, and other areas.....	53
Fellowships at STRI.....	61
Future status of Barro Colorado Island.....	72
Origin of purchases for Barro Colorado Island.....	69
Papers Published Annually by employees and associates of the Smithsonian Tropical Research Institute.....	24
1976.....	25
1975.....	36
1974.....	41
1973.....	46
Proposed capital projects.....	22
Questions of Subcommittee answered by Dr. Ira Rubinoff.....	85
Research projects currently under investigation by visiting scientists on Barro Colorado Island and anticipated end-points.....	63
STRI-Visitor data.....	57

PROBLEMS OF CANAL ZONE RESIDENTS AND EMPLOYEES

Hearings held—	
April 12, 1977.....	99
April 13, 1977.....	175
Statement of—	
American Federation of Teachers, expanded statement of local 29...	336
Anderson, Luis, interpreter, Panama Canal Atlantic Side Dock Worker's Union.....	340
President, Local 907, Armed Forces employees union.....	343
Baglien, David, Local 14, American Federation of Government Employees.....	345

Statement of—Continued

American Federation of Teachers—Continued

	Page
Blenman, Samuel H., president, Paraiso Civic Council.....	126
Boreham, Dr. Melvin, president, Coco Solo-France Field Civic Council.....	139
Delgado, Jose L., General Secretary, Panama Canal Atlantic Side Dock Worker's Union.....	340
Drummond, William R., president, AF&GE, Local 1798.....	206
Fulton, Mrs. Patricia, president, Pacific Civic Council.....	139
Gaskin, Edward A., assistant regional director, National Maritime Union in Latin America and the Caribbean.....	176
Goldson, Robert S., Vice President, Pacific Region, Local 900, American Federation of State, County, and Municipal Employees.....	185
Gordon, Clarence G., president, Santa Cruz Civic Council, Canal Zone.....	127
Graham, Alfred, president, Canal Zone Central Labor Union and Metal Trades Council.....	206
Green, Harold B., Jr., president, Gamboa Civic Council.....	139
Johnson, Eugene A., president, Congress of Latin American Civic Councils.....	124
Kennedy, Mrs. Charlotte, president, Cristobal-Margarita-Brazos Heights Civic Council.....	139
Lioeanjie, Rene, regional director for the National Maritime Union in Latin America and the Caribbean.....	176
Mauge, Saturnin G. president, Local 900, American Federation of State, County, and Municipal Employees.....	185
Metcalf, Hon. Ralph H., a Representative in Congress from the State of Illinois.....	123
Morrissey, Captain Joe, vice president, Panama Canal Pilots Association.....	363
O'Donnell, James J. president, Local No. 14, American Federation of Government Employees.....	345
Parfitt, Harold R., Governor of the Canal Zone, and president of the Panama Canal Company.....	100
Sheppard, Ralph, president, American Federation of Teachers, Local 29.....	206
Simpkins, Talmage E., executive director of the AFL-CIO Maritime Committee.....	176
Sinclair, William H., area director, American Federation of State, County, and Municipal Employees, AFL-CIO.....	185
Valentine, Captain R.D., past president, Panama Canal Pilots Association.....	363
Williams, Frenando, Panama Canal Atlantic Side Dock Worker's Union.....	340
Williams, J. R., president, Panama Canal Pilots Association.....	363
Windle, Dale, president, Gatun Civic Council.....	139

Additional material supplied—

Drummond, William R.:

Articles of the 1972 political constitution instituting a non-discriminatory system of employment in the Republic of Panama.....	251
Chart of Government of Republic of Panama.....	269
Communist and front organizations and participants.....	286
Key Communists.....	270
List of important offices and office holders in the Republic of Panama.....	276
Newspaper clippings.....	245
News releases of the Inter-American Development Bank.....	288
Public witnesses—March 30, 1977.....	233
Statement of events (summarized) of activities that led to my resignation from the Canal Zone Government.....	217
Statement in response to inquiry of Communist influence in the Panama labor force.....	236
The Communist path to power in Panama.....	260
Gordon, Clarence G.:	
Bachelor quarters vacancy bulletin No. 137.....	377
Family quarters vacancy bulletin No. 37.....	379

Additional material—Continued

	Page
O'Donnell, James J.:	
Curt case—Espinoza et vir v. Farah Manufacturing Co., Inc.	387
Recommendations of the AFL-CIO Committee on Panama Canal Treaty negotiations	348
Panama Canal Company:	
Assurances for present employees of the Panama Canal/Canal Zone Government under a new Panama Canal Treaty	103
Sinclair, William H.:	
Workers' Buying Power in Major Cities of World	381
Williams, Capt. J. R.:	
Treaty position paper statement on early retirement	369
Treaty position paper of Panama Canal Pilots' Association	372
Communications submitted—	
Boreham, Dr. Melvin:	
Letter of March 23, 1977, to Harold R. Parfitt	152
Davis, Diana R.:	
Letter of March 11, 1977, to Lt. Gen. D. P. McAuliffe	169
Letter of March 14, 1977, to Hon. Gene Snyder	168
Drummond, William R.:	
Letter of March 26, 1977, to Gov. Harold R. Parfitt	224
Letter of April 21, 1977, to Gordon M. Frick	227
Letter of April 21, 1977, to William F. Kessler	225
Fulton, Patricia:	
Letter of March 11, 1977, to Hon. M. G. Snyder	160
Green, Harold B., Jr. and Mrs. Patricia Fulton: Letter of March 28, 1977, to Harold R. Parfitt	231
Kessler, W. F.:	
Letter of May 3, 1977, to William R. Drummond	226
Metcalf, Ralph H.:	
Letter of May 24, 1977, to James J. O'Donnell	382
O'Donnell, James J.:	
Letter of April 13, 1977, to Ralph H. Metcalfe	362
Letter of April 30, 1977, to Hon. Ralph H. Metcalfe	383
Parfitt, H. R.:	
Letter of September 8, 1975, to Kenneth H. Hannah	339
Richbourg, Donald E.:	
Letter of March 23, 1977, to William R. Drummond	223
Sheppard, Ralph O.:	
Letter of April 14, 1977, to Representative Ralph Metcalfe	335
Sinclair, William H.:	
Letter of April 12, 1977, to Hon. Ralph H. Metcalfe	192
Williams, Capt. J. R.:	
Letter of April 11, 1977, to Representative Ralph H. Metcalfe	367
Letter of April 15, 1977, to Representative Ralph H. Metcalfe	371
Letter of May 1, 1977, to Representative Ralph H. Metcalfe	368



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CANAL ZONE BIOLOGICAL AREA AUTHORIZATION

TUESDAY, MARCH 22, 1977

SUBCOMMITTEE ON PANAMA CANAL,
COMMITTEE ON MERCHANT MARINE AND FISHERIES,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C.

The Subcommittee met in Room 1334, Longworth Building, beginning at 2:07 p.m., Ralph H. Metcalfe, Chairman of the Subcommittee, presiding.

Mr. METCALFE. The Subcommittee on Panama Canal will come to order.

Distinguished guests from the Smithsonian Institution, ladies and gentlemen:

This afternoon the Subcommittee will hear testimony from the representatives of the Smithsonian Institution on the bill H.R. 3348. This bill would raise the present annual limit on funds authorized for Barro Colorado Island in the Canal Zone to \$600,000.

The present limit of \$350,000, as contained in Title 20 of the U.S. Code, was legislated in 1965. This Subcommittee has held no hearings on Barro Colorado Island since the 1965 legislation, so this is the first time in at least twelve years we have had an opportunity to examine the management and the financial needs of this island, which is officially called the Canal Zone Biological Area.

In my view, therefore, these are important hearings.

The Senate passed legislation very similar to H.R. 3348 in the 94th Congress. Unfortunately, that Senate-passed legislation was referred to this Subcommittee during the last month of the deliberations of the 94th Congress.

Since no hearings had been conducted on the Canal Zone Biological Area by either House or Senate in the 94th or many previous Congresses, we thought it would be premature to pass legislation without some public examination of the status of the Island of Barro Colorado. Thus, we did not act last year. Today is the time for that public examination which we believe ought to occur before deliberations on H.R. 3348.

After today's hearing, the Subcommittee will proceed to study and analyze all the data presented orally by the Smithsonian Institution as well as all data submitted for the record of the hearing. We hope to take whatever action is appropriate by May 15 in accordance with the Budget Control Act.

I want to make it clear that the Subcommittee is proud of the Canal Zone Biological Area and the personnel who have managed it over the years. Clearly this area is a focal point for scientists all over the world who wish to do tropical research. Clearly there has been very important research which would not have been possible without the facilities at Barro Colorado Island. I know that the testimony we receive today will bring out these facts.

At this point I ask unanimous consent that the bill, H.R. 3348, and such executive agency reports as we have received or will receive on this matter be inserted in the record.

Are there any objectives?

Hearing none, it is so ordered.

[Bill H.R. 3348 and executive agency reports follow:]

95TH CONGRESS
1ST SESSION

H. R. 3348

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 9, 1977

Mr. METCALFE (by request) introduced the following bill; which was referred to the Committee on Merchant Marine and Fisheries

A BILL

To amend the Act of July 2, 1940, as amended, to increase the amount authorized to be appropriated for the Canal Zone Biological Area.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That section 7 of the Act of July 2, 1940 (20 U.S.C. 79e),
- 4 as amended by Public Law 89-280, be further amended
- 5 by striking out "\$350,000," and inserting in lieu thereof
- 6 "\$600,000,".



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-188652
GG7-175

APR 19 1977

The Honorable John M. Murphy
Chairman, Committee on Merchant Marine
and Fisheries
House of Representatives

Dear Mr. Chairman:

By letter dated March 16, 1977, you requested our comments on H.R. 3348, a bill to increase the amount authorized to be appropriated annually for the Canal Zone Biological Area from the present limit of \$350,000, established in 1965, to \$600,000.

The Canal Zone Biological Area is located in the Panama Canal Zone on Barro Colorado Island (BCI). It is part of the Smithsonian Tropical Research Institute (STRI) which conducts research there and in other tropical areas, principally in Central and South America. The annual budget justifications of the Smithsonian do not show BCI as a separate line item; the amounts requested are included in the salaries and expenses appropriation justification under the line item for STRI.

The Smithsonian does not maintain separate accounting records for BCI. An informal budget is prepared each year to show the estimated amounts to be expended for BCI and a cost finding system is used to relate these costs to the appropriation authorization limitation. For fiscal year 1976, this system showed operating costs of \$285,254 for BCI.

In reviewing the costs allocated to BCI for fiscal year 1976, we noted several problems in determining the amounts to be charged to the appropriation authorization limitation. For example, the full amount expended to install telephone facilities, and for materials, supplies and contract services to renovate a tramway was not charged to such limitation. Instead, a prorated amount based on the estimated useful life of these items was charged.

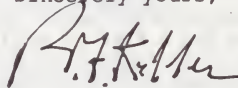
Also, no indirect costs--such as a portion of the salary of the Director and administrative personnel at STRI and the costs incurred by Smithsonian employees in Washington, D.C., who provided support services--were charged to this limitation.

We recommend that the Committee report on this bill make clear whether the annual appropriation authorization limitation is intended to include the total obligations incurred for construction and renovation as well as those for salaries and expenses, and which, if any, indirect costs are chargeable to such limitation. We have no special information on the need for the increase in the authorization.

- - - -

The enactment of this bill would not result in any additional costs by the General Accounting Office.

Sincerely yours,



[Deputy] Comptroller General
of the United States



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

MAR 25 1977

Honorable John M. Murphy
Chairman, Committee on
Merchant Marine and Fisheries
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

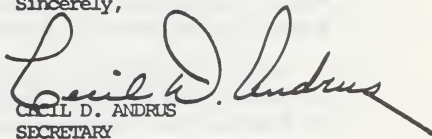
Your Committee has requested the views of this Department on H. R. 3348, a bill "To amend the Act of July 2, 1940, as amended, to increase the amount authorized to be appropriated for the Canal Zone Biological Area."

The bill does not appear to relate to any matter within the jurisdiction of this Department or to affect any matter upon which the Department would be in a position to give helpful information or advice. Accordingly, we have no comment to offer with respect to the merits of the bill.

We welcome the opportunity to submit recommendations on any measure where possibly the activities of the Department may be involved, or where its experience may be of value.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,


CECIL D. ANDRUS
SECRETARY



CANAL ZONE GOVERNMENT
BALBOA HEIGHTS, CANAL ZONE
OFFICE OF THE GOVERNOR

APR 28 1977

Honorable John M. Murphy
Chairman, Committee on Merchant
Marine and Fisheries
House of Representatives
Washington, D. C. 20515

Dear Mr. Murphy:

This is in response to your request of February 16, 1977, for a report on H. R. 3348, a bill "To increase the amount authorized to be appropriated for the Canal Zone Biological Area." The bill would amend the Act of July 2, 1940 (20 U. S. C. 79e), as amended, by increasing the amount of the annual appropriation from \$350,000 to \$600,000.

The Canal Zone Biological Area (Barro Colorado Island) was designated as a wildlife preserve and study area in 1923. It was placed under the administrative control of the Smithsonian Institution from 1946 until 1966 at which time the Smithsonian Tropical Research Institute assumed that responsibility. The island has acquired a worldwide reputation as a tropical field research station at which a large number of scientific studies are carried out. According to our agency environmental control personnel, these studies are crucial to the understanding of changes occurring in tropical areas of the world. The station is ideally located for continuing research on a diversity of terrestrial and marine projects.

While the Canal agencies are cognizant of the significant role of the island in the areas of tropical research and conservation, neither the Panama Canal Company nor the Canal Zone Government exercises responsibility for the funding or operation of the Canal Zone Biological Area. Consequently, these agencies have no basis upon which to comment concerning the necessity for the proposed legislation.

APR 28 1977

Honorable John M. Murphy

The Office of Management and Budget has advised that it has no objection to the presentation of this report to your committee.

Sincerely yours,

151

H. R. Parfitt
Governor of the Canal Zone
President, Panama Canal Company

RECEIVED

MAR 22 1977

COMMITTEE ON
MERCHANT MARINE AND FISHERIES

SMITHSONIAN INSTITUTION

Washington, D.C. 20560

U.S.A.

March 17, 1977

Honorable John M. Murphy
Chairman
Committee on Merchant Marine and Fisheries
U. S. House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

Thank you for your letter of February 16 requesting the comments of the Smithsonian Institution on H. R. 3348 a bill to amend the Act of July 2, 1940, as amended, to increase the amount authorized to be appropriated for the Canal Zone Biological Area.

The Act, as effectuated by Executive Order 8515, established the Canal Zone Biological Area as an independent unit with its own Board of Trustees and an annual appropriation authorization of up to \$10,000. The Act also established a trust fund within the U.S. Treasury for the deposit of future donations to the facility and of fees charged to visiting scientists as a means of additional support. The functions and authority of the Board were transferred to the Smithsonian Institution by Reorganization Plan No. 3 of 1946 and are recited in 20 U.S.C. 79.

The Canal Zone Biological Area, which is essentially Barro Colorado Island located in Gatun Lake, is now an integral part of the Smithsonian Tropical Research Institute (STRI). The activities and programs of STRI, which are focused on tropical biology, extend to areas throughout Central and South America, as well as to the Old World tropics, and include facilities in Panama at Ancon, Galeta, and Naos, and in Cali, Colombia. The operations of STRI are governed by the general authorities of the Smithsonian (20 U.S.C. 41 et seq.) as well as that cited previously.

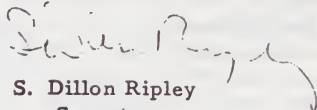
The Barro Colorado Island reserve was initially created in 1923 by decree of the Governor of the Canal Zone at the behest and under the aegis of the Institute for Research in Tropical America, an organization composed of several independent research institutions, including the Smithsonian, for the study of tropical flora and fauna. The cooperating institutions each contributed to its funding and administration, and by 1940 more than 400 scientific papers had been published on the research carried out there. It had become a valuable educational facility for teachers and students from around the world, and in order to ensure continued preservation and conservation of the Island's natural features, as well as adequate funding for research programs and maintenance of the facility, a more formal entity was deemed necessary by the cooperating institutions. With the support of several Government departments that had benefitted from the facility's research efforts, it then turned to the Congress for assistance, and the Act of July 2, 1940, ensued. The Act was amended by P. L. 89-280, approved October 20, 1965, in order to raise the limit on appropriations from \$10,000 to \$350,000.

Although current obligations are within the statutory limit (the FY'77 budget estimate for STRI is \$1,465,000, of which \$327,000 will be obligated for activities related to Barro Colorado Island), increasing costs and needed capital improvements suggest that the limit will be reached in the near future. Furthermore, the General Accounting Office has suggested that indirect costs associated with Barro Colorado be applied to its account. It has not been our past practice to do this. We have instead chosen to subsume these costs within the general administrative expenses of STRI as a whole. To apply indirect costs, as suggested by the General Accounting Office, to operations for FY'77 would exceed the existing limit and, based on current estimates, will exceed the limit of \$600,000 proposed in H. R. 3348 in the near future, thus requiring further Congressional action to once more raise the authorized ceiling.

We would, therefore, recommend that consideration be given to the possibility of raising the limit to \$750,000 or to removing it altogether.

The Office of Management and Budget advises that there is no objection to the bill or the submission of this report from the standpoint of the Administration's program.

Sincerely yours,



S. Dillon Ripley
Secretary

Mr. METCALFE. I also ask unanimous consent that additional material relevant to H.R. 3348 which has been submitted to the Subcommittee in the last year be inserted in the record.

Are there any objections to that?

Hearing none, it will be so ordered.

[The material was placed in the record files of the subcommittee.]

Mr. METCALFE. The principal witness for the Smithsonian Institution today will be Dr. Ira Rubinoff, Director of the Smithsonian Tropical Research Institute, which manages the Canal Zone Biological Area.

Accompanying Dr. Rubinoff are Dr. A. Stanley Rand, Assistant Director of the Tropical Research Institute, Dr. David Challinor, Assistant Secretary for Science, and Mr. John F. Jameson, Assistant Secretary for Administration of the Smithsonian Institution.

We welcome all of you here today.

I would like to ask who will be the first witness.

Mr. SNYDER. Mr. Chairman?

Mr. METCALFE. I recognize the distinguished minority Member, Mr. Snyder.

Mr. SNYDER. Thank you, Mr. Chairman.

I want to take this opportunity to welcome Dr. Rubinoff and the other people from the Smithsonian Institution on behalf of the minority, and I appreciate this opportunity to learn more about your operation in the Canal Zone.

It has been a couple of years since I have been in the Canal Zone.

I never really had a good opportunity to learn what the Smithsonian was doing down there.

One of the questions on the mind of everybody who has any interest in the Canal Zone is one that I hope you will address yourself to today, and that is, what will happen to the facility in the event of a treaty.

The public press has indicated that the eight points of the Kissinger-Tack Agreement in the negotiations include the idea of turning the Zone over to the Panamanian government within three

years after the ratification of the treaty and the operation of the Canal after twenty years.

I hope you can address yourself to that as well as the justification for the additional expenditure you seek, which, of course, is the primary purpose for which we have gathered here today.

I know that we will want to scrutinize the latter as well as looking into the idea of what happens to this facility and our investment there in the event of a treaty.

We want to look at it probably a little bit more so than usual because of Mr. Carter's campaign commitments to attempt to go toward zero base budgeting during his tenure in office, and that makes us all want to go back and scrutinize the expenditures.

I appreciate the opportunity of being here with you.

I have another meeting at three o'clock, so I will not talk any longer.

Mr. GINN. Mr. Chairman?

Mr. METCALFE. Mr. Ginn.

Mr. GINN. I only want to join you and Mr. Snyder in welcoming Dr. Rubinoff and his associates.

Your very fine reputation precedes you and I, like Mr. Synder, would like to know what would happen to Barro Colorado Island in the event the treaty that is in the news is consummated.

Mr. Metcalfe. Dr. Rubinoff, do you wish to be the leadoff witness in this proceeding?

Dr. RUBINOFF. Yes.

STATEMENT OF DR. IRA RUBINOFF, DIRECTOR OF THE SMITHSONIAN TROPICAL RESEARCH INSTITUTE; ACCOMPANIED BY DR. A. STANLEY RAND, ASSISTANT OF THE SMITHSONIAN TROPICAL RESEARCH INSTITUTE; DR. DAVID CHALLINOR, ASSISTANT SECRETARY FOR SCIENCE, SMITHSONIAN INSTITUTION; AND MR. JOHN F. JAMESON, ASSISTANT SECRETARY FOR ADMINISTRATION, SMITHSONIAN INSTITUTION

Dr. RUBINOFF. Thank you, Mr. Chairman.

I appreciate the opportunity to appear before you today in support of H.R. 3348, which would raise the amount authorized to be appropriated for the Canal Zone Biological Area. The Canal Zone Biological Area, which is essentially Barro Colorado Island, located in Gatun Lake in the Canal Zone—it is this (indicating) area in the center of the lake, the largest island in the lake is for scientific and administrative reasons, and by means of a process which I shall describe shortly, an integral part of the Smithsonian Institution's Tropical Research Institute. An increase in the limit on appropriations authorized is needed in order to continue operating Barro Colorado as a tropical reserve and research station and to permit a modest program of reconstruction.

Barro Colorado Island was formed when the Chagres River was dammed in 1914 to create Gatun Lake during construction of the Panama Canal. In 1923 a group of botanists, zoologists, and medical scientists, who had been brought to the Isthmus of Panama by Colonel William A. Gorgas to investigate diseases such as yellow

fever, malaria, and the plague, petitioned the Governor of the Canal Zone to reserve an area in the Zone for scientific research. The petition was successful, and the Governor offered the largest island in Gatun Lake to the scientists on which a 6,000 acre reserve and research station was established. Barro Colorado Island, as it was called, was put under the general supervision of the Institute for Research in Tropical America, a unit of the National Research Council, and the first Resident Naturalist was Dr. James Zetek, a specialist on the *Anopheles* mosquito, who combined administration of the reserve with his continuing work for the Department of Agriculture.

The expenses of the station in the twenties and thirties were paid by subscriptions from a number of North American universities and institutions; fees from visiting scientists; and the generosity of Dr. Thomas Barbor, the Director of the Museum of Comparative Zoology at Harvard, who had provided the initial funds to buy out the three farmers who had settled on the island before it became a reserve.

By 1940 Barro Colorado had acquired a worldwide reputation as a tropical field station, and publications about its flora and fauna had made it one of the best known pieces of tropical real estate on earth, which, in turn, made it valuable for further research. In that year, Congress authorized the President to establish the Canal Zone Biological Area as a separate agency under a board of directors that included the Secretaries of War, Agriculture, and Interior; the Secretary of the Smithsonian Institution; the President of the National Academy of Sciences; and three eminent biologists.

The Act of July 2, 1940 sought to preserve and conserve the natural features of the Island in order to provide an undisturbed place for scientific research and authorized \$10,000 for the administration of the Act and the maintenance of a laboratory and other facilities. Under Reorganization Plan No. 3 of 1946 the functions for the Board of Directors of the Canal Zone Biological Area were transferred to the Smithsonian Institution.

The tropics provide unusually favorable opportunities for studies of a variety of subjects and problems of both theoretical interest and practical importance. Generally, these are most productively investigated by comparative methods. To utilize effectively the rich scientific resource represented by Barro Colorado Island—a moist lowland habitat—and to provide an appropriate structure within which to pursue comparative studies of other regions and habitats such as highlands, grasslands, mangrove, coral reefs, and islands, in the Old World as well as the New, the Board of Regents of the Smithsonian Institution created the Smithsonian Tropical Research Institute on April 18, 1966.

It was entrusted with the administration of the Canal Zone Biological Area; the development and maintenance of marine laboratories on both the Atlantic and Pacific Coasts of Panama; and the encouragement and support of research throughout the tropics.

It is important to understand the tropics for a variety of reasons, among which is the fact that this region contains the most rapidly growing segment of the human population, and tropical peoples are now changing their environment at an unprecedented rate. We

must understand the complex ecological interactions of tropical forests and coral reefs if we are to mitigate man's increasing impact on these unique habitats and preserve a reservoir of genetic diversity for future generations.

In addition, the tropics contain more species of animals and plants than any other region on earth. For example, there are more species of birds in Panama than in all of the United States and Canada. Indeed, most of the birds inhabiting North America in the summer are migrants from the tropics, merely using the north for nesting.

The fauna and flora of Barro Colorado Island are particularly rich in species, and typical of what similar habitats used to be elsewhere in Panama. There are approximately 1,300 species of vascular plants, and certain species of mammals and birds that are hunted elsewhere are more tame and abundant on Barro Colorado Island. There are about 465 species of land vertebrates recorded from the Island; 310 species of birds (some 200 species breed there), 65 species of mammals, 58 species of reptiles, and 32 species of amphibians.

Several hundred people from the United States and foreign universities and research institutes visit Barro Colorado Island each year, involved in one way or another with the Smithsonian Tropical Research Institute's major functions: research, education, and conservation.

Most research on Barro Colorado is done by biologists interested in ecology and in the behavior of the island's plants and animals. However, work is also done by physiologists, anthropologists, psychologists, geologists, geographers, and geneticists.

Barro Colorado Island is attractive to research workers because of the fifty-year accumulation of information about a protected forest preserve that stands a reasonable chance of remaining undisturbed forest; living conditions that are healthful and moderately comfortable; and a community of biologists with which to exchange ideas.

The Smithsonian supports the basic maintenance and operating costs of the station, but researchers pay their own living expenses and a laboratory fee. Support for the research itself comes from many sources, such as Smithsonian fellowships or grants from the National Science Foundation, National Institutes of Health, and private foundations.

In 1965 the level of appropriations authorized for the Island was raised from the original \$10,000 to \$350,000 and we are now seeking a further increase essentially to keep pace with inflation and to provide for some necessary capital improvements on Barro Colorado.

Over the past twelve years costs such as fuel, food, utilities, and salaries associated with Barro Colorado Island have increased. As an example, salaries of launch operators, cooks, and game wardens have increased in a range between 88 and 150 percent since 1965. Furthermore, the introduction of game fish into Gatun Lake has dramatically increased the use of the area for recreational purposes. The increase in population pressure has required STRI to employ additional game wardens to protect Barro Colorado Island against poaching and trespassing.

With respect to capital improvements, there is a need to gradu-

ally convert the existing wooden structures on Barro Colorado to cement construction in order to provide more sanitary and easily maintained accommodations to preclude periodic replacement caused by termite and dry rot damage. Additionally, there has been a significant trend toward longer term investigations by scientists who need to study variations between the wet and dry seasons and environmental differences from one year to another. Thus, housing more substantial than that which serves scientists on short-term studies, unaccompanied by their families, is required.

A listing of capital projects proposed through fiscal year 1982 is attached to this statement and I shall be happy to discuss these in whatever detail the Subcommittee may require.

In the past it has not been our practice to ascribe to Barro Colorado Island any indirect costs, electing instead to subsume these within the general administrative expenses of STRI as a whole. However, the General Accounting Office has recently suggested that such costs be appropriately attributed.

While we are certainly willing to accept that suggestion, we have not yet determined a methodology for doing so. However, application to the current year's operations will probably exceed the existing limitation on appropriations, and will exceed the limit of \$600,000 in H.R. 3348 in the near future.

We would, therefore, respectfully recommend that the Subcommittee consider the possibility of a limit on the order of \$750,000 or the prospect of removing the limit altogether in view of Barro Colorado's integral relationship to STRI.

In closing, I would like to comment briefly on a matter of obvious concern, the future status of Barro Colorado Island in light of the current treaty negotiations. It is our hope that, should a treaty be concluded placing the Canal Zone under the responsibility of the government of Panama, the Island would remain a reserve under Smithsonian Institution custodianship and supervision. Its existing status could continue under international agreement and might also be protected under the terms of a contract recently signed by the Smithsonian Tropical Research Institute and the Government of Panama which gives to STRI official recognition and a number of specific benefits such as tax and customs exemptions for scientific activities carried out in the Republic Panama.

Mr. Chairman, attached to my statement is a list of proposed capital projects and expenditures for Barro Colorado Island for fiscal year 1974 projected through 1982, which I would like to include in the record with your permission.

Mr. METCALFE. It will be done, unless there are objections.

[The complete statement of Dr. Rubinoff, together with attachments follows:]

STATEMENT OF DR. IRA RUBINOFF, DIRECTOR OF THE SMITHSONIAN TROPICAL RESEARCH INSTITUTE

Thank you, Mr. Chairman.

I appreciate the opportunity to appear before you today in support of H. R. 3348 which would raise the amount authorized to be appropriated for the Canal Zone Biological Area. The Canal Zone Biological Area, which is essentially Barro Colorado Island, located in Gatun Lake in the Canal Zone, is for scientific and administrative reasons, and by means of a process which I shall describe shortly, an integral part of the Smithsonian Institution's Tropical Research Institute. An increase in the limit on appropriations authorized is needed in order to continue operating Barro Colorado as a tropical reserve and research station and to permit a modest program of reconstruction.

Barro Colorado Island was formed when the Chagres River was dammed in 1914 to create Gatun Lake during construction of the Panama Canal. In 1923 a group of botanists, zoologists, and medical scientists, who had been brought to the Isthmus of Panama by Colonel William A. Gorgas to investigate diseases such as yellow fever, malaria, and the plague, petitioned the Governor of the Canal Zone to reserve an area in the Zone for scientific research. The petition was successful, and the Governor offered the largest island in Gatun Lake to the scientists on which a 6,000 acre reserve and research station was established. Barro Colorado Island, as it was called, was put under the general supervision of the

Institute for Research in Tropical America, and the first Resident Naturalist was Dr. James Zetek, a specialist on the Anopheles mosquito, who combined administration of the reserve with his continuing work for the Department of Agriculture. The expenses of the station in the twenties and thirties were paid by subscriptions from a number of North American universities and institutions; fees from visiting scientists; and the generosity of Dr. Thomas Barbour, the Director of the Museum of Comparative Zoology at Harvard, who had provided the initial funds to buy out the three farmers settled on the island before it became a reserve.

By 1940 Barro Colorado had acquired a worldwide reputation as a tropical field station, and publications about its flora and fauna had made it one of the best known pieces of tropical real estate on earth, which, in turn, made it valuable for further research. In that year Congress authorized the President to establish the Canal Zone Biological Area as a separate agency under a board of directors that included the Secretaries of War, Agriculture, and Interior; the Secretary of the Smithsonian Institution; the President of the National Academy of Sciences; and three eminent biologists. The Act of July 2, 1940 sought to preserve and conserve the natural features of the Island in order to provide an undisturbed place for scientific research and authorized \$10,000 for the administration of the Act and the maintenance of a laboratory and other facilities. Under Reorganization Plan No. 3 of 1946 the functions of the Board of Directors of the Canal Zone Biological Area were transferred to the Smithsonian Institution.

The tropics provide unusually favorable opportunities for studies of a variety of subjects and problems of both theoretical interest and practical importance. Generally, these are most productively investigated by comparative methods. To utilize effectively the rich scientific resource represented by Barro Colorado Island--a moist lowland habitat--and to provide an appropriate structure within which to pursue comparative studies of other regions and habitats such as highlands, grasslands, mangrove, coral reefs, and islands, in the Old World as well as the New, the Board of Regents of the Smithsonian Institution created the Smithsonian Tropical Research Institute on April 18, 1966. It was entrusted with the administration of the Canal Zone Biological Area; the development and maintenance of marine laboratories on both the Atlantic and Pacific Coasts of Panama; and the encouragement and support of research throughout the tropics.

It is important to understand the tropics for a variety of reasons, among which is the fact that the region contains the most rapidly growing segment of the human population, and tropical peoples are now changing their environment at an unprecedented rate. We must understand the complex ecological interactions of tropical forests and coral reefs if we are to mitigate man's increasing impact on these unique habitats and preserve a reservoir of genetic diversity for future generations. In addition, the tropics contain more species of animals and plants than any other region on earth. For example, there are more species of birds in Panama than in all of the United States and Canada. Indeed, most of the birds inhabiting North America in the summer are migrants from the tropics, merely using the north for nesting.

The fauna and flora of Barro Colorado are particularly rich in species, and typical of what similar habitats used to be elsewhere in Panama. There are approximately 1,300 species of vascular plants, and certain species of mammals and birds that are hunted elsewhere, are more tame and abundant on Barro Colorado Island. There are about 465 species of land vertebrates recorded from Barro Colorado; 310 species of birds (some 200 species breed there), 65 species of mammals, 58 species of reptiles, and 32 species of amphibians. Invertebrates are present in a proportional variety.

Several hundred people from the United States and foreign universities and research institutes visit Barro Colorado Island each year, involved in one way or another with the Smithsonian Tropical Research Institute's major functions: research, education, and conservation.

Most research on Barro Colorado is done by biologists interested in ecology and in the behavior of the island's plants and animals. However, work is also done by physiologists, anthropologists, psychologists, geologists, geographers, and geneticists.

Research currently in progress can be arranged under topics such as social behavior, including communication, sociobiology, and social organization; population ecology, including population fluctuations and control mechanisms; forest function and structure, including phenology, regrowth, primary productivity, and nutrient cycling; and complex inter-specific relationships which include coevolution of plants and animals; predator-prey, parasite-host, and herbivore-plant interactions; pollination and seed-dispersal systems; and competition and resource partitioning between and within systems.

Some studies have continued for more than a decade, conducted either by staff scientists or by scientists from elsewhere who visit the island repeatedly. Much research is done on a long-term basis by scientists who come for a year or two, live on the island, and devote full-time to their research. These are usually graduate students working on doctoral theses, recent graduates doing postdoctoral studies, or senior scientists on sabbatical leave. Short-term scientists who stay a week to three months also play an important role. They may be doing a limited research project; part of a project, much of which is done elsewhere; or a pilot study for a long-term project. Visitors who stay only a day or so are seldom able to do research, but are able to learn enough about the island to plan a return visit of longer duration.

Barro Colorado Island is attractive to research workers because of the fifty-year accumulation of information about a protected forest preserve that stands a reasonable chance of remaining undisturbed; the juxtaposition of modern laboratory facilities and undisturbed forest; living conditions that are healthful and moderately comfortable; and a community of biologists with which to exchange ideas.

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With respect to capital improvements, there is a need to gradually convert the existing wooden structures on Barro Colorado to cement construction in order to provide more sanitary and easily maintained accommodations and to preclude periodic replacement caused by termite and dry rot damage. Additionally, there has been a significant trend toward longer term investigations on Barro Colorado Island by scientists who need to study variations between the wet and dry seasons and environmental differences from one year to another. Thus, housing more substantial than that which serves scientists on short-term studies, unaccompanied by their families, is required.

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In closing, I would like to comment briefly on a matter of obvious concern, the future status of Barro Colorado Island in light of the current treaty negotiations. It is our hope that, should a treaty be concluded placing the Canal Zone under the aegis of the Government of Panama, the island would remain a reserve under Smithsonian Institution custodianship and supervision. Its existing status could continue under international agreement and might also be protected under the terms of a contract recently signed by the Smithsonian Tropical Research Institute

and the Government of Panama which gives to STRI official recognition and a number of specific benefits such as tax and customs exemptions for scientific activities carried out in the Republic of Panama.

This concludes my statement, Mr. Chairman, but I would welcome the opportunity to respond to any questions you may have.

PROPOSED CAPITAL PROJECTS

1974	Installation of emergency generator		10,000
1975	Renovation of main laboratory building		28,000
	Reconstruction of boathouse and pier		17,000
1976	Tramway renovation. This is a winch dray cart to pull supplies from the lake level to the top of the hill. It replaces a system built in 1927 which is now unsafe. Phase I		27,500
	Installation of a telephone system to replace present unreliable radio system.		40,000
1977	Tramway renovation. Phase II	9,976	
	Const. of Fuel Storage Area	1,800	
	Const. of Silberglieb insect.	2,500	
	Remodel lower house	1,500	
	Rebuild carpentry storage area	2,000	
	Barber house	1,500	
	Kitchen renovation	1,500	
	ZMA House	500	
	Haskins house	500	22,000
1978	Renovation of Patrocinio's house		2,000
	Renovation of Vitola's house		15,000
1979	Replacement of dormitory built in 1924		125,000
1980	Replacement of dining hall and kitchen facilities with more modern sanitary facilities		169,500
1981	Replacement of current septic tank sewage system with modern non-polluting sanitary treatment facility		50,000
	Completion of remodeling of laboratory building		35,000
	Construction of new long-term staff scientist residence		35,000
1982	Reconstruction of animal holding facilities		35,000
	Construction of plant growth facilities		20,000
	Construction of forest canopy access towers and walkway		25,000

EXPENDITURES FOR BARRO COLORADO ISLAND
FY 74-FY 82

	<u>OPERATING (1) EXPENSES</u>	<u>CAPITAL PROJECTS</u>	<u>SOURCE OF FUNDS</u>	<u>TOTAL</u>
FY 74	\$ 221,000	\$ 10,000	S & E	\$ 231,000
FY 75	\$ 235,000	\$ 45,000	S & E	\$ 280,000
FY 76	\$ 277,000	\$ 67,000	S & E	\$ 344,000
FY 77	\$ 305,000	\$ 22,000	S & E	\$ 327,000
FY 78	\$ 335,170	\$ 17,000	R & R	\$ 352,000
FY 79	\$ 369,000	\$ 125,000	R & R	\$ 494,000
FY 80	\$ 405,500	\$ 169,500	R & R	\$ 575,000
FY 81	\$ 446,000	\$ 120,000	S & E/R & R	\$ 566,000
FY 82	\$ 491,000	\$ 80,000	S & E	\$ 571,000

(1) Actual figures up to FY 76 from there we assume a $\pm$ 10% increment over the previous year

Dr. RUBINOFF. I would also like to include our brochure on STRI; a statement on applied STRI research; charts on visitors to BCI and STRI, together with data on States, universities and organizations; a publications list for 1960-76; a copy of the contract between the government of Panama and STRI; a list of current research projects by visiting scientists; and a list of current projects by Smithsonian scientists.

The brochure, together with some pictures, the statement on applied research, and some visitor data have been supplied separately to members of the Subcommittee for their consideration and review.

This concludes my statement, Mr. Chairman, but I welcome the opportunity to respond to any questions that you may have.

Mr. Metcalfe. If there are no objections, then this additional material would be included in the record as so requested.

Not hearing objections, it is so ordered.

[The brochure on STRI was placed in the record files of the Subcommittee.]

[The other information just referred to follows:]

PAPERS PUBLISHED ANNUALLY BY EMPLOYEES AND ASSOCIATES
OF THE SMITHSONIAN TROPICAL RESEARCH INSTITUTE

Attached is a bibliography of publications based upon the work of the staff, associates, and visiting scientists at the Smithsonian Tropical Research Institute. Those related to work done on Barro Colorado Island are indicated in the left hand margin by S (STRI staff scientist) and A (STRI associate). The latter includes a variety of affiliations such as pre- and post-doctoral fellows receiving support from the Smithsonian Institution.

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ENCLOSURE # 2

Enclosure to A-024
Panama

INFORMAL TRANSLATION BY THE EMBASSYCONTRACT #1

Between the Government of the Republic of Panama, represented by Dr. ABRAHAM SAIED, Minister of Health, duly authorized, on the one part and which hereafter shall be denominated "The NATION", and on the other part, Dr. IRA RUBINOFF, male, of legal age, married, a citizen of the United States of America, bearer of Passport #Y1081171, Director of the Smithsonian Tropical Research Institute, hereafter referred to as THE INSTITUTE, acting in the name and in representation of said Institute, with duly approved by-laws and Legal Capacity ("Personeria Juridica") established by Resolution #43 of 15 November 1976, issued by His Excellency, the President of the Republic, in exercise of his legal powers and inscribed in the Public Registry, and with sufficient powers for the present act, as recorded in public document #10,690, authorized on 22 November 1976, at the Fifth Notary of the Panama Circuit, registered in Volume 1299, Folio 42, Entry #117,403, under the Section of Public Persons ("Persona Comun") a contract has been agreed upon, in accordance with Law #57 of June 6, 1974 of the Republic of Panama, pursuant to the following clauses.

FIRST: The Institute will effect in the Republic of Panama activities and research of a purely scientific character in the field of tropical biology, including studies on the ecology of the Isthmus of Panama, with advance notification to the National Government, through the Ministry of Health, on the projects to be carried out, 60 days prior to the inception thereof.

SECOND: The Institute will totally defray the cost of the activities and research which will take place in territory of the Republic of Panama, but is obliged to keep the Nation informed of all the activities and research and to provide to it, gratis, the results of such research.

THIRD: The Institute will provide the Nation with fundamental information on the ecology of the Isthmus and will offer its collaboration in the execution of such research and programs as may be agreed upon.

FOURTH: The NATION authorizes the INSTITUTE to establish in the Republic of Panama offices, field stations, laboratories and work shops for the activities and research referred to in Clause One, and in consideration of the benefits which the Republic of Panama will derive from the scientific activities and research work effected by the Institute, it grants the following privileges:

ENCLOSURE # 2

Page 2 of Enclosure to Panama A -024

- a) Exemption to the INSTITUTE of all the national taxes and liens, real or personal, with the exception of:
1. Indirect taxes such as are normally included in the price of merchandise or services;
 2. Taxes on estates;
 3. Taxes and liens on private income which originated in the national territory and such taxes on capital as are assessed on commercial investments in the Republic of Panama;
 4. Taxes or assessments pertaining to private services rendered; and
 5. Registry and judicial fees, mortgage and stamp tax
- b) Exemption from the obligation to pay the quotas required under the Social Security Law on salaries or emoluments which the Institute pays its foreign scientific personnel which do not have permanent residence in the Republic. This exemption is extended to the INSTITUTE and to its said scientific personnel.
- c) Exemption from the payment of any type of customs duty or related taxes and assessments, with the exception of those expenses in connection with storage charges, transportation and analogous services for goods, equipment and material belonging to the INSTITUTE, and destined exclusively for use in its offices and by its officials, but title to which may not be transferred by purchase, or gratis, without prior payment of the corresponding taxes.
- It is understood that should the INSTITUTE decide to construct its own buildings, it may benefit from the exoneration here granted only with respect to goods not produced in Panama;
- d) Authorization of visas and residence permits for foreign scientists and technicians which the INSTITUTE contracts to work in Panama;

- e) Exemption to foreign scientists under contract with the INSTITUTE for services in the Republic of Panama, whose repatriation is guaranteed by the INSTITUTE, from the obligation of making a deposit for repatriation, or from any tax, duty, or assessment pertaining to immigration;
- f) Exemption from compliance with the laws on protection of the national worker, with regard to the contracting by the INSTITUTE of foreign scientists and technicians.

For legal purposes the INSTITUTE will advise the Ministry of Labor and Social Welfare of the arrival in the country of the foreign scientists and technicians which are contracted. In each case the status of foreign the scientist or technician must be verified.

FIFTH: It is expressly agreed that the INSTITUTE is obliged to inscribe in proper form, in the Public Registry, before establishing its offices in Panama, proof of its existence and personality, and also of the appointment of its attorney, residing in the Republic of Panama, with full and sufficient authority to represent the INSTITUTE judicially or extrajudicially in all matters pertaining to its activities, properties, rights and obligations in the Republic of Panama.

SIXTH: The INSTITUTE shall be subject to the laws of the Republic of Panama and to the jurisdiction of Panamanian tribunals, and renounces recourse to diplomatic redress with reference to the rights and duties arising out of this contract, except in case of denial of justice.

SEVENTH: This contract will remain in effect so long as any of its parties does not express a desire to terminate it, which intention should be made known at least one year before it is desired that the contracts terminate. The INSTITUTE will allow the use of its laboratories, work shops and field stations upon request of the NATION for scientific research and work when this is possible and available.

ENCLOSURE #2

Page 4 of Enclosure to
Panama A-024

In testimony of all that was expressed above, the contracting parties sign the present contract in the City of Panama on the fifth day of January of the year 1977.

THE NATION

THE INSTITUTE

(Sgd.) Dr. ABRAHAM SAIED
Minister of Health

(Sgd.) IRA RUBINOFF
Director of the Smithsonian
Tropical Research Institute

Examples of STRI Research with Applications to Resource Management, Disease Control, Wildlife Conservation, Food Production, and Other Areas

1. Because of its strategic location, the research of STRI marine scientists was of direct use in constructing models of the possible ecological consequences of digging a sea-level canal on the Central American isthmus. Our efforts led to the National Academy of Sciences to recommend that such a canal not be constructed without a careful ecological survey and the inclusion of a biotic barrier to the exchange of organisms between the Atlantic and Pacific, in order to prevent such untoward consequences as the inadvertent and destructive introduction of the sea lamprey into the Great Lakes by the construction of the Welland Ship Canal.

2. STRI mammalogists were examining basic aspects of biology of sloths when the most recent epidemic of yellow fever (1974) began spreading northward from the Darien jungles. Medical researchers discovered that some sloths possessed a high viremia and consequently represented a potential reservoir of the disease, one which could potentially bring it into closer contact with urban human populations. STRI scientists joined a collaborative effort to establish radio-tracked sentinel populations of sloths in order to monitor the progress of the disease.

3. As a result of its long-term reserve status, Barro Colorado Island has a very large population of Howler monkeys. This species is a natural reservoir of yellow fever—which has an 80% mortality rate among humans—and is extremely susceptible to the disease. As a means of providing local public health authorities with an early warning on the recurrence of yellow fever, we encourage comprehensive research programs on the biology of Howlers on the Island. Therefore, any disease-caused population changes can be recognized immediately and permit early vaccination of the susceptible human population.

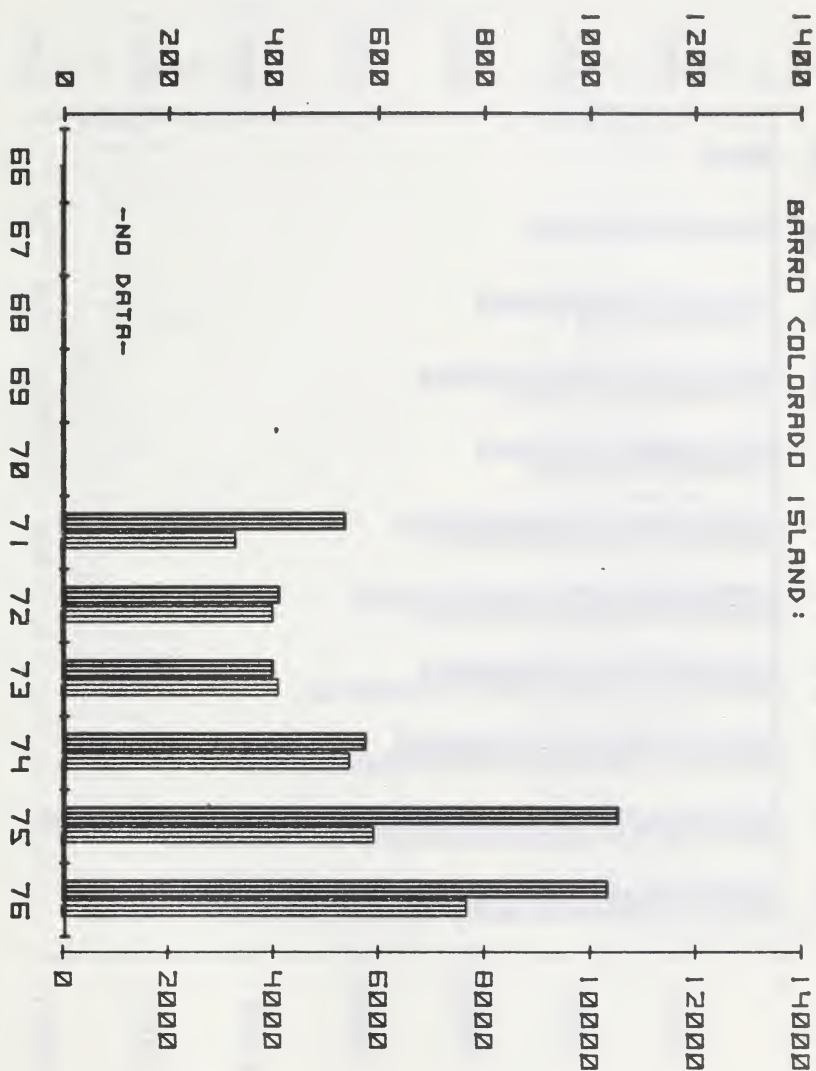
4. A fundamental question of tropical forests is how so many different species maintain themselves when individual densities are relatively low. For example, in an hectare of northern U.S. woods there may be 8 species of trees, whereas the same area of tropical forest may contain over 55 species. What strategies of forestry or crop rotation should be applied to maximize productivity and yet still preserve the long-range fertility of these two areas? An enormous amount of research has been applied to these problems in the North Temperate Zone, but in the tropics—which contain the fastest-growing segment of the human population—our knowledge of forest regeneration is still anecdotal. STRI has encouraged the research of a number of scientists examining the conditions controlling the germination, survival and recruitment of new seedlings in the forest. These scientists have taken advantage of natural light gaps in the forest, ranging in size from a single treefall, to a 1.5 hectare wind-induced blowdown on Barro Colorado Island, to huge areas of tropical forest in southeast Panama denuded by an earthquake in June 1976.

5. The narrowness of the Central American isthmus in Panama enables STRI scientists to monitor the entire populations of migrating broadwinged and Swainson's hawks. The breeding success of these species in North America, as well as their survival in South American wintering grounds, can be monitored by photographing and counting the individuals during their fall and spring migrations. This data is indicative of how well the breeding sites in North America are being protected and how the species is reacting to the pesticides commonly applied to northern crops, and how successfully it has over-wintered in the rapidly diminishing South American forests.

6. There have been many recent attempts to apply the mathematical models of island biogeography to the practical problems of determining the size and shape of natural forests and parks, in order to increase the numbers of species preserved and to minimize the extinction process. This is particularly critical in tropical reserves where many species normally exist as rare specimens or in very low densities. Long-term monitoring of the population of ant birds on Barro Colorado Island has provided much of the fundamental data on which the theory (by no means uncontroversial) of the size of tropical reserves has been developed.

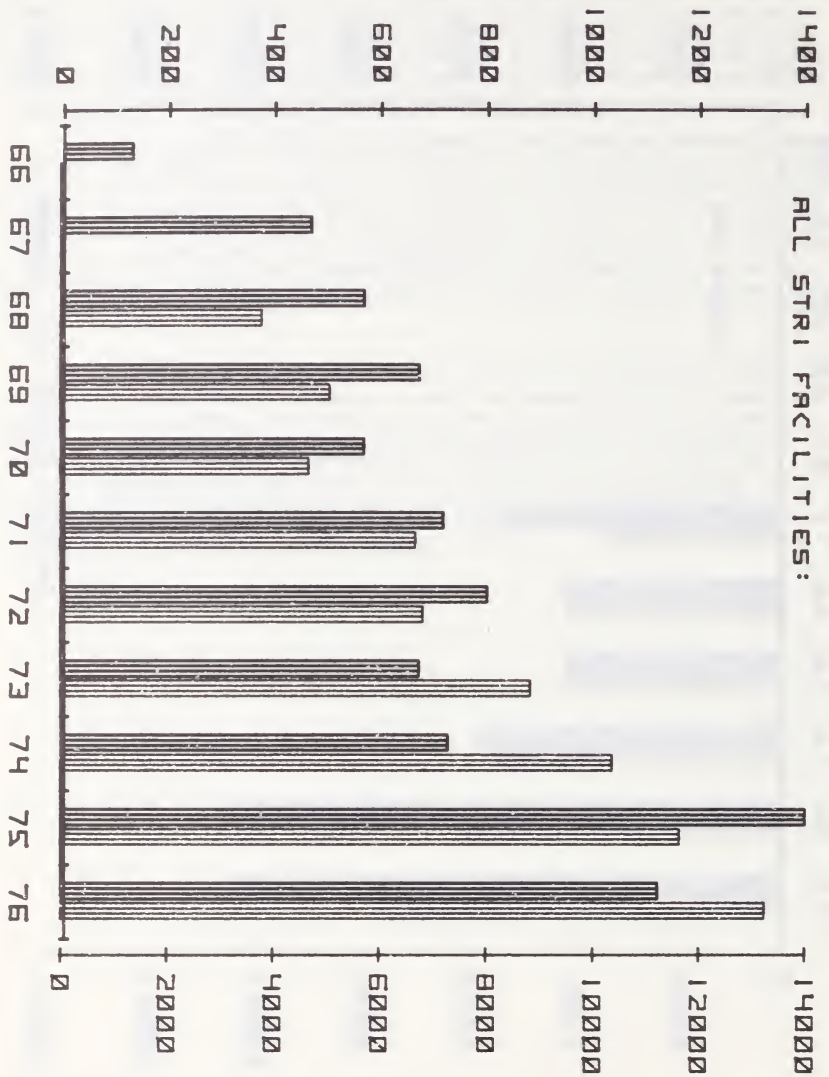
STRI research contributes to solution of practical problems of crop productivity, pest control, disease vectors, and susceptibility of marine organisms to pollution. The knowledge derived from our studies is often immediately relevant to other scientists asking practical questions about the management of tropical environments, but in all cases it contributes to the fundamental question of how life in the lower latitudes differs quantitatively and qualitatively from that in the higher latitudes and, most importantly, to the ultimate understanding of how events in one zone may affect the quality of life in another.

NUMBER OF VISITORS



NUMBER OF VISITOR DAYS

NUMBER OF VISITORS



NUMBER OF VISITOR DAYS

SMITHSONIAN TROPICAL RESEARCH INSTITUTE

VISITOR DATA FROM

JANUARY 1974 TO DECEMBER 1976

COUNTRIES REPRESENTED

1. Argentina
2. Austria
3. Australia
4. Bahamas
5. Belgium
6. Brazil
7. Canada
8. China
9. Colombia
10. Costa Rica
11. Denmark
12. El Salvador
13. England
14. Fiji
15. France
16. Germany
17. Ghana
18. Guatemala
19. Honduras
20. India
21. Israel
22. Italy
23. Jamaica
24. Japan
25. Kenya
26. Malaysia
27. Mexico
28. Netherlands
29. New Zealand
30. Nicaragua
31. Panama
32. Paraguay
33. Peru
34. Santo Domingo
35. Sweden
36. Scotland
37. South Africa
38. Surinam
39. Switzerland
40. United States of America
41. Venezuela

U.S. STATES REPRESENTED

1. Alabama
2. Arizona
3. California
4. Colorado
5. Connecticut
6. Florida
7. Georgia
8. Hawaii
9. Idaho
10. Illinois
11. Indiana
12. Iowa
13. Kansas
14. Maine
15. Maryland
16. Massachusetts
17. Michigan
18. Minnesota
19. Mississippi
20. Missouri
21. New Hampshire
22. New Jersey
23. New Mexico
24. New York
25. North Carolina
26. Ohio
27. Oklahoma
28. Oregon
29. Pennsylvania
30. Rhode Island
31. South Carolina
32. South Dakota
33. Tennessee
34. Texas
35. Utah
36. Vermont
37. Virginia
38. Washington
39. West Virginia
40. Wisconsin

PLUS: District of Columbia,
Puerto Rico, U.S. Virgin
Islands and the Canal
Zone

UNIVERSITIES REPRESENTED

1. Albert-Ludwigs Universitat
2. Antioch Graduate School of Education
3. Baylor University
4. Bennington College
5. Botany Hood College
6. California Institute of Technology
7. California Polytechnic University
8. California State University
9. Cambridge University
10. Canal Zone College
11. Chicago Art Institute
12. College of the Virgin Islands
13. Colorado College
14. Colorado State University
15. Columbia University
16. Cornell University
17. Deutscher Akademischer Austauschdienst
18. Duke University
19. Duquesnell University
20. Florida State University
21. Harvard University
22. Jacksonville State University
23. John Hopkins University
24. Lewis and Clark College
25. Massachusetts Institute of Technology
26. McMaster University
27. McPherson College
28. Michigan State University
29. Middle Tennessee State University
30. New Mexico State University
31. North Eastern University
32. Orebro University
33. Oregon State University
34. Oxford University
35. Pennsylvania State University
36. Princeton University
37. Purdue University
38. Queens University
39. Rollins College
40. Royal Military College
41. San Francisco State University
42. Scripps Institution of Oceanography
43. Stanford University
44. Swarthmore College
45. State University of New York
46. Tabor College
47. Talladega College
48. Tel Aviv University
49. Temple University
50. Texas Lutheran College
51. Universidad de Cartagena
52. Universidad del Valle
53. Universidad de Sao Paulo
54. Universidad Nacional Autonoma de Mexico
55. Universidad Nacional de Costa Rica
56. Universidad Nacional de Panama
57. Universidad Santa Maria la Antigua
58. University of Aarhus
59. University of Alabama
60. University of Alberta
61. University of Arizona
62. University of British Columbia
63. University of California, Berkeley
64. University of California, Davis
65. University of California, Los Angeles
66. University of California, San Diego
67. University of California, Santa Barbara
68. University of Chicago
69. University of Florida
70. University of Ghana
71. University of Glasgow
72. University of Gothenburg
73. University of Guelph
74. University of Idaho
75. University of India
76. University of Iowa
77. University of Kansas
78. University of London, Kings College
79. University of London, Queen Mary College
80. University of Maine
81. University of Manitoba
82. University of Maryland
83. University of Massachusetts
84. University of Michigan
85. University of Minnesota
86. University of North Carolina
87. University of Oregon
88. University of Pennsylvania
89. University of Pudget Sound
90. University of Queensland
91. University of Rochester
92. University of Rhode Island
93. University of Saint Louis
94. University of Saskatchewan
95. University of Singapore
96. University of South Florida
97. University of the South Pacific
98. University of Tennessee
99. University of Utah
100. University of the West Indies
101. University of Washington
102. University of Wisconsin
103. Vanderbilt University
104. Washington State University
105. Washington University
106. Yale University
107. Zoologisch Laboratorium der Rijksuniversiteit te Groningen

OTHER ORGANIZATIONS

1. Organization for Tropical Studies
2. U.S. Army
3. U.S. Navy
4. U.S. Air Force
5. U.S. Congress
6. U.S. Embassy
7. U.S. Naval Hospitals
8. U.S. Naval Research Laboratory
9. American Museum of Natural History
10. Balboa High School
11. Audubon Societies
12. Panama Canal Company
13. Corgas Memorial Laboratory
14. Gulf Coast Research Laboratory
15. Tropic Test Center
16. British Embassy
17. United Nations
18. Boys Scouts of America
19. Eastman Kodak Co.
20. Paper Tech. Corp.
21. Purina
22. Bombay Natural History Society
23. Instituto de Buceo "Mundo Submarino"
24. Inter-American Tropical Tuna Commission
25. Ft. Koobe Elementary School
26. Association for Military Comptrollers
27. Museo Nacional de Panama
28. Missouri Botanical Gardens
29. Bill Burrud Productions, Inc.
30. Instituto Interamericano de Ciencias Agricolas
31. Ministerio de Agricultura y Ganaderia
32. Curundu Elementary School
33. Tri-Valley High School
34. Peace Corp
35. Centre National de la Recherche Scientifique
36. Oregon Regional Primate Research Center
37. New Hampshire Association of Conservation Districts
38. Primer Ciclo America
39. Secundaria de Penonome
40. Instituto de Ensenanza Superior
41. Fairfax Legal Aid Society, Inc.
42. Miami Herald
43. "Sea Star" Study Ship
44. Ringsdorf Carbon Corp.
45. Time-Life Books
46. Lincoln Park Zoo
47. New Tribes Mission
48. Italian Embassy
49. The Australian Museum
50. Norddeutscher Rundfunk

51. Pathology Associates Laboratory, P.A.
52. Heinz Steinitz Marine Laboratory
53. Colegio Javier
54. Florida State Museum
55. Pico Rivera High School
56. Hispaniolan Research Institute
57. Arecibo Observatory
58. Harbor Branch Foundations, Inc.
59. Royal British Navy
60. Federal Aviation Agency
61. Asociacion Medica de Panama
62. Colegio La Salle
63. British Parliament
64. Newhouse News Service
65. Austrian Embassy
66. Center for Disease Control
67. Institute of Marine Research
68. Instituto de Cultura
69. California Academy of Sciences
70. New York Zoological Society
71. Diablo Elementary School
72. Army Officers Wives Club
73. Academy of Natural Sciences
74. Zoological Society of Cincinnati
75. New York Botanical Gardens
76. Instituto de Botanica de Sao Paulo
77. Museo de Historia Natural del Peru
78. Instituto de Ciencias Naturales de Colombia
79. Museo Nacional de Panama
80. Balboa Elementary School
81. Wolfgang Beyer Productions, Inc.
82. Kilvertone Wildlife Park
83. Royal Ontario Museum
84. Ramsay Wright Zoo
85. Federal Highway Administration
86. Batelle Memorial Institute
87. Argonne Natural Laboratory
88. Austrian Consulate
89. Argentine Air Force
90. Nicaraguan Embassy
91. Ministerio de Desarrollo Agropecuario
92. Monks Wood Experimental Station

FELLOWSHIPS AT STRI

1970 - 1977

Post-doctoral Fellows

Abele, Lawrence
 Andrews, Madaleine
 Breymeyer, Alicja
 Campanella, Paul
 Cooke, Richard
 Cubit, John
 Diener, Douglas
 Glanz, William
 Gliwicz, Z.
 Graham, Jeffrey
 Healey, Ian
 Hespenheide, Henry
 Hladik, Annette
 Janos, David
 Karr, James
 Kramer, Donald
 Lubin, Yael
 May, Michael
 Meyer, David
 Morton, Eugene
 Ogden, John
 Ranere, Anthony
 Ritte, U.
 Schemeske, Douglas
 Smith, James N.M.
 Todd, Eric
 Warner, Robert
 Wells, Kentwood
 Windsor, Donald

Degree Conferring Institution

University of Miami
 University of Kansas
 Polish Academy of Sciences
 Syracuse University
 University of London
 University of Oregon
 University of California, San Diego
 University of California, Berkeley
 Warsaw University
 Scripps Institution of Oceanography
 University of London
 University of Pennsylvania
 University of Paris
 University of Michigan
 University of Illinois
 University of British Columbia
 The University of Florida
 University of Florida
 Yale University
 Yale University
 Stanford University
 University of California, Davis
 University of Michigan
 University of Illinois
 Oxford University
 University of California, Santa Barbara
 Scripps Institution of Oceanography
 Cornell University
 Cornell University

Pre-doctoral Fellows

Augspurger, Carol
 Fischer, Eric
 Foster, Robin
 Gyllenhaal, Charlotte
 Heck, Kenneth
 Hoffman, Stephen
 Kiester, A. Ross
 Kropach, Chaim
 Lessios, Haris
 McCosker, John
 Pickering, John
 Porter, James
 Pratt, Thane

University of Michigan
 University of California, San Diego
 Duke University
 University of Chicago
 Florida State University
 University of California, Santa Barbara
 Harvard University
 City University of New York
 Yale University
 Scripps Institution of Oceanography
 Harvard University
 Yale University
 Rutgers University

Ramirez, William
Smith, Wayne
Strauch, Joseph
Tannenbaum, Bernice
Toft, Catherine
Young, Orrey
Zaret, Thomas

University of Kansas
State Univ. of N.Y. at Stony Bro
University of Michigan
Cornell University
Princeton University
University of Maryland
Yale University

RESEARCH PROJECTS CURRENTLY UNDER INVESTIGATION BY VISITING SCIENTISTS
ON BARRO COLORADO ISLAND AND ANTICIPATED END-POINTS*

NAME	PROJECT	FUNDING	ESTIMATED COMPLETION DATE
Robin Andrews, A. S. Rand and Stella Guerrero	Demography of a Tropical Forest Lizard, <i>Anolis limifrons</i>	Virginia Polytechnic Institute	Indefinite (Several Years)
Nicholas V. L. Brokaw	Canopy Tree Regeneration in Treefall Gaps of a Tropical Forest	University of Chicago	Jan 1978
Roy Fontaine, D. K. Candland	Cabid Locomotion	NSF Fellowship	Mar 1978
Robin Foster, Charlotte Cyllenhaut-Davis, Nicholas Brokaw	Regeneration in a large Treefall	University of Chicago	Indefinite (Several Years)
Nancy C. Garwood, Carlos Iglesias	Leaf Flushing and Payllid Abundance	NSF Fellowship	Jan 1978
Nancy C. Garwood, Vielka Quintero	Leaf Sprouting in Tropical Understory Shrubs	NSF Fellowship	Jan 1978
Nancy C. Garwood	Seasonality of Seedling Establishment	NSF Fellowship	Jun 1977
Bill Glanz, Dan Glanz	Community Ecology of Small Mammals in Central Panama	STRI	Jan 1978

* Much of the research done by visiting scientists at BCI is short-term, and it is not usually possible to make long-term projections on this aspect of activity. The role of STRI in this work is to see that it is of high quality, does not interfere with the reserve status of the Island, and is compatible with on-going long-term studies.

NAME	PROJECT	FUNDING	ESTIMATED COMPLETION DATE
David P. Janos, Laurie A. McHargue	The Role of Vesicular-arbuscular Mycorrhizae in Succession	STRI	Sep 1978
Sally C. Levings	Seasonal Variation in Tropical Ant Behavior and Activity	Harvard University/ NSF Fellowship/STRI	Jan 1978
Sally C. Levings, C. A. Toft, A. S. Rand, Bonifacio De León	Seasonal Variation in Leaf Litter Arthropod Population	Harvard University/STRI	
Yael D. Lubin, Julio Jaén	Defense Behavior of Termites in Relation to Predation by Anteaters	STRI	1978
Laurie Mcllargue	Nesting of Black Vultures in Panama	STRI	Mar 1977
John Pickering, Bruce Nalmir	Reproductive Biology of the Wasp <i>Polistes</i> <i>Canadensis</i>	NSF Fellowship	Sep 1977
James K. Russell	Coati Socialization	NSF Fellowship	Aug 1978
James K. Russell	Coati Social Structure	NSF Fellowship	Aug 1978
Douglas W. Schmske	Plant-Animal Interactions in the Genus <i>Costus</i> (Zingiberaceae)	STRI	Jan 1978
Edwin O. Willis	Census of Ant-Following and Other Birds on Barro Colorado Island		Mar 1977
Thomas Zaret, Kim Weers	Effects of the Introduction of <i>Cichla</i> <i>ocellaris</i> to Gatun Lake, Panama	NSF Fellowship	

CURRENT AND FUTURE RESEARCH PROJECTS CONDUCTED BY
SMITHSONIAN SCIENTISTS ON BARRO COLORADO ISLAND

NAME	PROJECT	FUNDING	ESTIMATED COMPLETION DATE
Terry Erwin	Ground beetle populations on Barro Colorado Island	Environmental Sciences Program/STRI	
Mason Hale	Growth and Distribution of Lichens	National Museum of Natural History	
Charles Handley	Bat Populations on Barro Colorado Island	National Museum of Natural History	
Egbert G. Leigh, Jr. and Eric Fischer	Evolutionary Theory	STRI	
Egbert G. Leigh, Jr. and William Schaffer	Mathematical Ecology	STRI	
Egbert G. Leigh, Jr., Nicholas Smythe and Donald Windsor	Ecological Balance of Barro Colorado Island	STRI	Indefinite (Several Years)
Egbert G. Leigh, Jr., Elizabeth Leigh	Physiognomy of Tropical Rain Forest	STRI	Indefinite (Several Years)
G. Gene Montgomery, Y. D. Lubin, Jorge Gilpin, Julio Jaen and Magaly Ojeda	Feeding Strategies of Neotropical Ant-eaters (Edentata, Myrmecophagidae), and	Exxon Foundation/STRI	1982
Stanley Rand, Stella Guerrero, Steve Aynla	Effects of Malaria in the Forest Lizard <i>Anolis limifrons</i>	Exxon Foundation, National Science Foundation/ STRI	August 1978

NAME	PROJECT	FUNDING	ESTIMATED COMPLETION DATE
Stanley Rand	The Ecology and Behavior of Iguanas - Clutch Size	STRI	1977
Stanley Rand, C. Toft, M. Clark	Seasonal Fluctuations in Populations of Forest Floor Anurans on Barro Colorado Island	Exxon Foundation/STRI	
Ira Rubinooff, Ross Simons	A History of STRI and its Role in Tropical Biology	STRI	1980
Robert Silberglied, Annette Aiello	Evolution of Reproductive Isolation in the Neotropical Butterflies <i>Anartia fatima</i> and <i>A. amathaea</i> (Lepidoptera, Nymphalidae)	Harvard University/STRI	1978
Robert Silberglied, Annette Aiello	Aggregation of Phalangids (harvestmen) during the Dry Season	Harvard University/STRI	1977
Robert Silberglied, Annette Aiello	Population Biology and Genetics of the Butterfly <i>Anartia</i>	Harvard University/STRI	
Alan P. Smith	Ecological Correlates of Leaf Variegation	STRI	March 1977
Nicholas Smythe, Gary Stump, Bonifacio De Leon	Environmental Monitoring Project	STRI	Indefinite (Several Years)
Richard Thorington, K. Milton, K. Nagy	The Energetics of Free-Ranging Howler Monkeys on Barro Colorado Island	E.R.D.A./STRI	
Richard Thorington	Howler Monkey Population and Environment	Environmental Sciences Program/STRI	
Richard Thorington	Howler Monkey, their Social Organization and Environment	Environmental Sciences Program/STRI	

Mr. METCALFE. Do any other members of the delegation wish to make a statement at this point?

Dr. RAND. No.

Mr. CHALLINOR. No.

Mr. JAMESON. No.

Mr. METCALFE. Dr. Rubinoff, thanks very much for that very fine statement.

I did note that you were asking the Committee to increase its limit on authorization for appropriation from \$600,000 to \$750,000.

We will review your request before a final decision is made.

On page 1 of your statement you stated the Canal Zone Biological Area is an integral part of the Smithsonian Institution's Tropical Research Institute.

Do you therefore think that the budget of the Biological Area should continue to be included in the Research Institute's budget?

Do you think they should both be in one budget?

Dr. RUBINOFF. Yes, sir.

I think the interaction between the two parts of the Smithsonian Institution's Tropical Research Institute are very close.

The work that is going on on the mainland is frequently carried over to the Island. Comparative studies are being done.

The scientists might spend two days on the Island and three or four days a week working on the mainland on a similar project.

The Island represents one kind of habitat and many studies require comparative work, perhaps at a higher altitude, work on the mainland, or some places closer to the shore, so I think it should be included.

Mr. METCALFE. Our jurisdiction is not the jurisdiction of the Appropriation Committee, so as we take up the authorization limit that has to be considered.

It is my understanding that part of the expenses of operating the Canal Zone Biological Area are recovered by fees from those who use the land.

What percentage of the operating costs of the Canal Zone Biological Area are recovered in user fees?

Dr. RUBINOFF. In this fiscal year, Mr. Chairman, the operating expenses of the Barro Colorado Island are \$305,000; capital projects which we have planned or are under construction are \$21,000 for a total of \$326,000 in direct operating costs this year, of which we expect about \$50,000 will be recovered in the way of fees from visiting scientists.

Mr. METCALFE. Thank you.

The Section of the United States Code which governs the Canal Zone Biological Area is Section 79 of Title 20.

Do you think that the other provisions of Section 79 ought to be changed other than the one figure which we have proposed to change?

Dr. RUBINOFF. I believe that at this point we are operating very efficiently within the other provisions of Section 79.

Mr. METCALFE. I refer you to page 7 of your statement.

You say that the General Accounting Office believes that indirect costs associated with the Biological Area ought to be included under the limitation of Section 79(e).

Do you agree with this opinion of the General Accounting Office?

Dr. RUBINOFF. I think that indirect costs can be assessed.

However, as I said earlier, the interaction between the research going on in the mainland or other areas of the New World and Old World tropics are so close that it is a difficult assessment and some formula will have to be used.

For instance, the amount of time I think about the administration of Barro Colorado Island versus the time I spend worrying about the rest of the STRI would be difficult to assess accurately.

Mr. METCALFE. You stated capital costs should be included in the funds under Section 79(e). Should capital funds be included in the limits under this bill?

Dr. RUBINOFF. I think so, sir.

Mr. METCALFE. In referring to page 7 of your statement, you indicated there should be no particular problems for the Biological Area to stay intact under the new treaty arrangement.

Are you satisfied with your relationship with the government of Panama?

And do you know of any reason why they would want to change the status of the Island?

I think this goes pretty much to the heart of what Congressman Snyder has said, and he will have his own time, but you might keep his statement in mind as you prepare to answer that question.

Dr. RUBINOFF. We enjoy a very good relationship with the Republic of Panama; with a number of ministries, with the university; and with various other agencies.

We have recently concluded a contract with the Ministry of Health, which authorizes our operations throughout the Isthmus of Panama.

We have cooperated with it and with United States based institutions located in the Panama Canal on a number of environmental projects in the Republic.

I do not anticipate that there will be any change in our operations on the Isthmus if the status of the Canal Zone changes.

Concerning the Island itself, I might point out that there was a treaty for international, inter-American cooperation (the 1940 Convention for Nature Protection and Wildlife Preservation in the Western Hemisphere), which was signed by the United States and by now has been signed by most of the Republics in the New World, allowing them to cooperate on conservation matters and I think the status of Barro Colorado would easily fall under that treaty which has been signed by the Republic of Panama.

We are covered on a number of grounds, both formally and informally, and I am reasonably certain that the future research center of Barro Colorado would be preserved.

Mr. METCALFE. Both the Biological Area and the Research Institute located in the Canal Zone.

This being the case, to what extent are your costs determined by the prices for goods and services by the Panama Canal organization?

Dr. RUBINOFF. We purchase most of our commodities, expendable construction materials and things of that nature, from the Panama Canal organization, but not all. When items are in short supply or

are available locally at a lower price, we purchase them on the local economy.

The exact percentage of these two I would have to provide for the record. I don't have them.

Mr. METCALFE. You will submit that information for the record. Thank you.

[Information about purchases follows:]

ORIGIN OF PURCHASES FOR
BARRO COLORADO ISLAND

FY 76

	<u>Supplies & Materials</u>	<u>Equipment</u>
Canal Zone	\$94,572	\$456
		7%
Republic of Panama	19,255	1,034
		17%
United States	<u>649</u>	<u>4,715</u>
		76%
	\$114,476	\$6,205
	<u><u>114,476</u></u>	<u><u>6,205</u></u>
		100%

Mr. METCALFE. Finally, are other elements of the Smithsonian Institution, for example, the National Space Museum, subject to an annual authorization process or a limitation on authorized funds?

Mr. JAMESON. No, Mr. Chairman.

Mr. METCALFE. I recognize the distinguished gentleman from Kentucky, Mr. Snyder.

Mr. SNYDER. In response to the Chairman's question, you indicated that the fiscal year 1977 budget was some \$350,000 and that approximately \$25,000 was spent on capital improvements.

Could you break that down, the balance of the amount of money?

Dr. RUBINOFF. Yes, we have those figures.

Mr. SNYDER. I think we ought to have it in the record how you spend the money.

Do you receive any other money from the United States government, other than what you would be asking for in this authorization?

I know you said that some of your people have come in on study grants and so forth from universities or the National Science Foundation, or such as that, but I am talking about your operation.

Dr. RUBINOFF. I think at the moment there is one of our staff, Dr. Rand, who has a grant from the National Science Foundation and is working on malaria in lizards.

Mr. SNYDER. Nothing then for Project payroll; I gather than none of what you are asking for is for project payroll, it is just the stable operation together with capital improvements.

Are we looking at all of it for the stable operations?

Dr. RUBINOFF. Yes, we are.

Mr. SNYDER. Sometimes we have that problem.

I am not alleging that you are, I am just asking.

You, of course, addressed yourself to the Chairman's question about the prospects of future operations after a treaty might be negotiated and ratified, Lord forbid you don't have to comment on my editorial comments but I jotted down that you were "reasonably certain our status would be preserved."

I don't know whether or not "reasonably certain" is going to be good enough if we go to the floor asking for an increased authorization for you.

So I guess what I want to ask you now is what benefits would be derived to the American taxpayer by your continuing any kind of an operation there, if the United States government no longer owned the Canal Zone or the Canal?

Dr. RUBINOFF. The United States is currently gaining benefit from research that is going on in the Canal Zone and in the Republic of Panama as much of our research is performed off Barro Colorado Island.

Mr. SNYDER. I don't question that because of our presence.

But if we had no more tropical holdings——

Dr. RUBINOFF. As long as our contract continues to operate, I imagine the export of benefits in terms of education of students in the United States and in terms of the research performed would still come north, so to speak, and be of benefit to the American taxpayer.

Mr. SNYDER. You imagine?

Dr. RUBINOFF. I am sure of that.

Mr. SNYDER. I noticed in your statement that you talked about there being more species of animals and more species of plants and more species of birds in the Panama Canal than all the United States and Canada.

What does that mean to the people living on the continental United States if, in fact, we have no more presence down there?

Dr. RUBINOFF. Certainly, we do not have any areas in the true tropics under the American flag that are any more secure than the current status of the Canal Zone, and North America is very much subject to the events that go on elsewhere.

We could isolate North America and the United States and still very much have to suffer from the events going on elsewhere in the environment.

For instance, we have had a very severe winter.

In the tropics, a large area of the tropics, we have had an enormous drought.

You know that the Panama Canal Company has had a water problem.

Are the events related?

Is the deforestation of a great area of Brazil affecting the water systems and affecting our weather?

Or are the events in the north affecting the tropical zones?

These things are interrelated. We cannot strictly work at North American universities and hope to understand the global environment and make the kind of management decisions about the environment that need to be made.

In many cases we can't pose the questions yet.

We have to continue collecting the data. We have a reasonable chance to do it.

Mr. SNYDER. It is very interesting. I don't want to pursue it anymore, however, in the interest of time.

It would be helpful if we are going to go to the floor to try to sell it, in view of what is going on, if you could subsequently supplement that answer, prowl around in the deepest resources of your mind, and give us a lot of reasons why we should spend more money there if we are going to lose the Canal Zone.

I do feel there will be a reasonable sentiment to the contrary.

I am not trying to be pessimistic. But, the Chairman and I have to answer them at some point, if we go over there.

[The Supplemental answer follows:]

FUTURE STATUS OF BARRO COLORADO ISLAND

We believe it is essential for the United States to continue fundamental research programs in the tropics and that the benefits derived from this research will not be affected by potential changes in jurisdiction of the Canal Zone.

The Smithsonian Tropical Research Institute's Barro Colorado Island facility is very much a national resource, used by scientists supported by various Federal programs and by state university systems. Through the years it has been a training and study area for thousands of students from the United States because it allows them to work more effectively than is possible at any other tropical site.

The Smithsonian Tropical Research Institute is primarily concerned with the support of studies that will help place the ecological, evolutionary, and sociological processes occurring in the tropics into a perspective relative to world ecosystems. Through the indiscriminate use of insecticides in the temperate regions as well as the release of radioactive atmospheric pollutants, worldwide effects have been produced and it can be expected that the destruction of tropical forests and pollution of coral reefs will similarly have profound, but as yet unpredicted, effects on the earth's weather and ocean productivity.

The results of the ecological research conducted at STRI are beneficial to the Republic of Panama, as well as to the United States. Developing countries usually cannot afford to sponsor the research necessary to accumulate the fundamental data on which to base management decisions on environmental issues. STRI's research can provide some of this information to the Republic and, in addition, its scientific library, staff expertise, and fellowship programs provide a basis for technical interactions with a variety of Panamanian organizations, agencies, and individuals such as the Ministry of Health; the Ministry of Planning; the University of Panama; the Natural Resources Division; the Director General of Marine Resources; the Institute of Tourism; and the Gorgas Memorial Laboratory.

Good relationships already exist between the Smithsonian Tropical Research Institute and these entities and it is anticipated that they would continue if jurisdiction of the Canal Zone is transferred. In addition, we believe two existing formal agreements would further insure the continued operation of STRI and of its Barro Colorado Island facility should jurisdictional changes occur. The first is an international convention, signed by the United States in

1940, providing for cooperation between the American States for purposes of the preservation of flora and fauna and natural areas. This convention was ratified by Panama in 1972. The second is the contract signed by STRI in 1977 with the Ministry of Health authorizing scientific operations throughout the Isthmus.

Certainly tropical research can be done elsewhere, and research needs to be supported elsewhere since no single site or habitat can begin to provide all of the scientific requirements. However, Barro Colorado Island is unique because it has been a reserve for more than fifty years; it has an inventory of the plants and animals present; it has produced several thousand scientific publications; and it is a foundation of knowledge that cannot be reproduced elsewhere.

The combination of reserve and research station represented by BCI can continue to provide critical scientific data and to serve as a genetic reservoir in keeping with Thomas Jefferson's observation that "the greatest service which can be rendered any country is to add a useful plant to its culture."

The United States is one of the few surplus food producing countries in the world, yet most of its crops are not native. Wheat is of Near Eastern origin, corn of Mexican. Soy beans come from China and cabbages from the Mediterranean. Economic and social disasters, such as that created by the potato blight in Ireland, occur when we resort to single crop agricultural methods. To prevent this and to be prepared for long-term shifts in climate, which may be unfavorable for certain staple crops, we must have genetic reservoirs of plant species which the tropics, with an extraordinary diversity of plant life, represent. The reserve status of Barro Colorado Island will continue to preserve an enormous number of plants for the future potential agricultural and medicinal use of mankind.

A further advantage to the United States of the reserve on Barro Colorado is the overwintering residence and safe haven which the island represents to migrating birds. Most of the bird populations of North America, which are vitally important to insect control, overwinter in Central and South America. Without adequate sanctuaries the United States may find itself lacking a critical link in its ecosystem.

It should also be borne in mind that the howler monkey population on Barro Colorado Island is an important public health sentinel because of this species' acute sensitivity to Yellow Fever. Monitoring this primate population as part of routine Barro Colorado Island studies provides public health authorities with sufficient warning to vaccinate susceptible human populations against a serious disease that has an 80% mortality rate.

Regardless of the flag under which the Canal Zone operates we believe that the Barro Colorado Island facility of the Smithsonian Tropical Research Institute will continue to offer substantial benefits in education and science to the United States and to the worldwide community.

Mr. SNYDER. What generally is the nature of that operation, that contract with Panama?

Dr. RUBINOFF. There is a copy of the contract which was inserted in the record.

It authorizes us to operate anywhere in the Isthmus. It provides us with the duty free privileges for the import of equipment, field vehicles, etc. It gives us the privileges an international organization such as the United Nations would have.

Mr. SNYDER. Of all the proposed capital projects you listed in 1974-1982, have the ones for 1974, 1975, and 1976 been accomplished?

Dr. RUBINOFF. Yes, they have.

I think the tramway renovation is having the finishing touches put on it this week, but it is essentially completed.

We can now call Barro Colorado Island from this Committee room if you wanted to.

Mr. METCALFE. I think one of the members of the panel wishes to make a comment.

Mr. SNYDER. Surely.

Dr. CHALLINOR. Mr. Snyder raises the question of how worthwhile is it to invest the taxpayers' money in the Panama Canal Zone, which we might lose.

The Smithsonian does a great deal of research under all sorts of conditions, some of which are not as formal as this contract we have with the Ministry of Health in Panama.

Part of our effort that enables different Smithsonian scientists to work in different tropical countries is to maintain a good relationship with those ministries engaged in research.

Keeping a low profile and publishing has relieved anxieties in a lot of other countries, and allowed us to work in Brazil and Venezuela, and many tropical areas elsewhere.

Therefore, the change in the jurisdiction over the Canal Zone causing the Institution then to operate under a foreign jurisdiction does not seem any more serious than the problems we face in other countries where we have for years carried out successful research.

Mr. Metcalfe. Will the gentleman yield to me for a moment?

Mr. SNYDER. Yes.

Mr. Metcalfe. Dr. Challinor, will you submit for our record a list of the various overseas facilities where we are conducting ecological and environmental studies?

We know that a laboratory in Costa Rica is addressing itself to this and doing tropical research, similar research to that of the Smithsonian from which the world benefits.

Will you submit a list of those?

Mr. CHALLINOR. I will be happy to give a list of countries and the facilities we are enjoying.

Mr. METCALFE. And the subject area which they are studying in that research.

Dr. CHALLINOR. We will be happy to do so.

Mr. METCALFE. Thank you.

[The list of research areas follows:]

SMITHSONIAN INSTITUTIONCooperative Research with Universities and Other Organizations
in Foreign Countries

New Guinea - Wau Ecological Institute

Nepal - Royal Chitwan National Park

Ecuador - Charles Darwin Research Station, Galapagos

Venezuela - Department of National Parks

Brazil - National Institute of Amazonian Research, Manaus

Colombia - Universidad del Valle, Cali

Egypt - American Research Center in Egypt, Cairo

India - National Institute of Amazonian Research, Bangalore

Pakistan - National Research Council, Islamabad

Belize - Ministry of Fisheries, Balmopan

Tanzania - Serengeti Research Institute

Bahamas - Bahamas National Trust

Aldabra - Office of the President, Seychelles Republic

Ghana - University of Ghana, Accra

Indonesia - National Institute of Indonesian Sciences, Jakarta

Sri Lanka - University of Colombo

Tunisia - Bardo Museum, Tunis

Yugoslavia - Federal Agency for International Technical Cooperation,
Belgrade

Kenya - University of Kenya, Nairobi

Mr. METCALFE. Proceed, Mr. Snyder.

Mr. SNYDER. Dr. Challinor, I do not have any problem with the fact that the Smithsonian is doing good work around the world.

I just perceive that we have a peculiar problem with this situation because if I had to guess right now, and there was a vote in the House of Representatives on the whole issue of the Canal Zone treaty, you would be in bad trouble.

I don't think there is a lot of sympathy right now for General Torrijos and for giving him too much, and there is going to be a lot of speculation about us spending money, particularly for capital improvements if, in fact, we are not going to end up in that operation at all.

I do not think the resentment generally would be against your operation, but I think we will have to justify it a little bit more under these peculiar circumstances than if you were talking about one of those operations somewhere else, where we were getting some benefit from it.

The Washington Post recently carried a series of articles on the Smithsonian's acquisition of property in Maryland. It seemed it got the land and buildings with private funds and then got Federal funds to maintain these lands and facilities.

Is there any similar pattern with your operations there in any way or with any other facilities or properties of the Tropical Research Institute?

Dr. CHALLINOR. Mr. Chairman, if I may reply to that, there was no similarity at all.

This land had always been Federal land.

To the best of my knowledge, all the land that we use in Panama has always been in the title of the United States government.

Mr. SNYDER. Thank you, Mr. Chairman.

Mr. METCALFE. Thank you.

Does the majority staff member wish to ask any questions?

Mr. MODGLIN. Yes, Mr. Chairman.

First, Dr. Rubinoff I might address myself to the question of the relationship between the Canal Zone Biological Area and the Smithsonian Tropical Research Institute.

The Smithsonian Tropical Research Institute was created by the Board of Regents of the Smithsonian Institution is that correct, in 1966?

Dr. RUBINOFF. Yes, sir.

Mr. MODGLIN. Was there any explicit statutory authorization for the creation of the Research Institute?

Dr. RUBINOFF. No.

Dr. CHALLINOR. The general authority, the sections in Title 20, beginning with Section 41.

Mr. MODGLIN. The creation of such a Research Institute by the Smithsonian Board of Regents is not unusual in the conduct of business by the Smithsonian Institution?

Mr. JAMESON. There have been occasional establishments by the Board of Regents, but it is not a commonplace activity.

Mr. MODGLIN. The Congress did recognize the Institute insofar as you had money appropriated to the Smithsonian Institution with the Research Institute in your budget?

Mr. JAMESON. Yes.

Mr. MODGLIN. The regulations that govern the Research Institute, are they codified in the Code of Federal Regulations or are they Canal Zone regulations or what is the nature of those regulations?

Mr. JAMESON. I don't believe I can answer that.

I don't think it is codified in the Federal Register.

Do you know whether they are published down there?

Dr. RUBINOFF. I don't think so, except for specific authority governing exemptions for certain things like the salary of the Director which is controlled by the Secretary of the Army under the Canal Zone Central Employment Special Regulations; they are essentially covered by the Board of Regents.

Mr. MODGLIN. The Research Institute is principally located in the Canal Zone, is that correct?

Dr. RUBINOFF. Yes.

Mr. MODGLIN. You have therefore obtained a land license from the Governor of the Canal Zone in order to run that particular operation?

Dr. RUBINOFF. That is correct, all of our physical facilities are licensed directly from the Canal Zone government or subleased through the various military organizations that hold the land.

Mr. MODGLIN. I take it from your answer to the question posed by the Subcommittee Chairman, that you do not believe there is any necessity for the Research Institute to be authorized specifically by statute. You feel that the operation is satisfactory at the present time?

Mr. JAMESON. It seems to be proceeding very nicely.

We have the annual appropriations hearings which go into some depth on the Smithsonian Tropical research Institute.

It is a separate, discreet line in our budget.

Mr. MODGLIN. I might touch upon one other point, and that is the necessity for increased funding for your operating and capital costs.

What aspects of your operating costs have undergone the greatest increase in recent years?

Dr. RUBINOFF. Salaries paid to employees is the area that has inflated the most.

We are covered, as you know, by the minimum wage law of the United States, so that all salaries begin at \$2.30 and go on up from there.

Mr. MODGLIN. What factors, both on the Isthmus of Panama and outside the Isthmus of Panama, are major determinants of your increases in operating expenses?

Do you think most of them are legislative and statutory in nature, or are they local increases in prices in Panama that bring up the cost of operations?

Dr. RUBINOFF. I think that primarily legislative increases in salary, and inflation in utilities would be the other major increase.

We have experienced enormous increases in the cost of electrical power.

Mr. MODGLIN. Has the number of personnel positions in connection with the Canal Zone Biological Area undergone any major increase in the last, say, ten years, and if so, why would that be?

Dr. RUBINOFF. Really not.

We have an analysis which we will include for the record if you would like.

The essential increases have been in the area of protection.

I think we run from three to five game wardens in the past five years.

This is necessitated by the increased number of people running around the lake.

Mr. MODGLIN. With respect to your capital expenses, what do you perceive from that list that is included on the last page of your testimony to be the most urgent of your capital expenses, the most important?

Dr. RUBINOFF. I would think that the replacement of the dormitory which was initially constructed in 1924 and which has rather extensive termite infestation, would be the most important thing.

It is inadequate for a number of reasons, including the ones that I stated. We are having more and more scientists who want to spend longer periods on the Island, and the accommodations are just not adequate for people who are coming to spend one or two years of their life on a particular study.

Mr. MODGLIN. The dormitories mostly?

Dr. RUBINOFF. I would think that is the most important.

Mr. MODGLIN. Again, referring to the summary of proposed capital projet on the last pages of your testimony, how many buildings, actual physical structures which are on the Island at the present time, do you intend to replace?

Dr. RAND. A great deal depends upon the termites.

Mr. MODGLIN. I am sorry?

Dr. RAND. It is not a facetious answer, but a great deal of what we will have to do in the way of replacing buildings depends on the rate by which they are destroyed by termites.

Planned changes essentially include the dormitory, the dining hall, and the half dozen buildings listed here, but it is not impossible that deterioration will force major rebuilding in some of the others.

Mr. MODGLIN. Will all the structures that you intend to build be termite-proof?

Dr. RAND. They will be concrete structures.

Mr. MODGLIN. Could you for the purposes of the record, describe the condition of the buildings which you intend to replace?

Dr. RUBINOFF. The dormitory is a wooden structure, subdivided into—

Dr. RAND. Providing beds for fifteen people.

Dr. RUBINOFF. I think in units of two beds for a partially divided room.

Essentially, that is it.

It is a screen area, not air conditioned, and represents a hazard in terms of fire and termites in this environment.

The kitchen and dining facilities are also wooden and need to be rebuilt in a more sanitary fashion, or in a fashion that allows us to make dining and living easier.

Mr. MODGLIN. One final question.

How would you characterize the need for these relacement facilities?

As critical? Important? Nice to have?

Dr. RUBINOFF. Critical.

We run the risk of collapsing or breaking up without warning.

Mr. MODGLIN. Okay.

That is all I have, Mr. Chairman.

Mr. METCALFE. Dr. Rubinoff, the gentleman from Kentucky wishes to ask another question.

Mr. SNYDER. Dr. Rubinoff, in your prepared statement, you made the request that we raise the authorization to \$750,000, or abolish it altogether.

The Chairman wrote a letter to Secretary Ripley on April 13, 1976, to which he responded on May 3, and I suppose you have copies of that correspondence.

An addendum to his response dated May 11, 1976, shows the actual and estimated budget authority and outlay for 1974 through 1981.

Do you have that document?

Dr. RUBINOFF. No, I don't have it right here.

April 13, is it?

Mr. SNYDER. It certainly is.

(A document was shown to the witness.)

Mr. SNYDER. Now, that item indicated fiscal year 1978 has a right substantial increase from 1977 which, I assume, was for some capital improvements off your list.

Then it shows a dropping down.

Can you address yourself then to that?

Dr. RUBINOFF. Essentially, that is reconstruction of the dormitory and kitchen which would be a one-time expenditure.

Mr. SNYDER. This goes only to the \$500,000 estimate as of 1981.

What is the necessity of raising it up above \$600,000?

Dr. RUBINOFF. The reason we are requesting an increase to \$750,000 is because we have been advised, subsequent to the preparation of these estimates, that we should be including the indirect costs in our Barro Colorado expenses.

Mr. SNYDER. What expenses?

Dr. RUBINOFF. Indirect costs which were not assessed and applied to these figures.

Mr. SNYDER. Where?

What are the indirect costs?

Dr. RUBINOFF. The costs of, say, a portion of my salary, the time spent administering Barro Colorado Island, or what Dr. Rand does.

The administrative costs of our central office.

Mr. SNYDER. Here in Washington?

Dr. RUBINOFF. No, in Ancon.

Mr. SNYDER. Well, it sounds to me a lot like a part of what you are saying is that a part of the expense directly attributed to Barro Colorado Island is currently being paid by another budget.

How much of the direct cost of your salary and other people's salary goes on another budget somewhere?

That is a question I asked you earlier.

Mr. JAMESON. Shall I try to answer?

Mr. SNYDER. If you want my support for this bill, you better answer, because I will tell you with the answer I got right now, I oppose the bill, and I will go to the floor and fight it.

I want it honest; if you need the money and can justify it, I will go and ask for you, but don't pull the wool over my eyes.

Dr. RUBINOFF. I apologize.

We have just been advised by the General Accounting Office that we should be including indirect costs.

Barro Colorado Island is an integral part of the STRI. A scientist may spend a day on the Island and four days off. We do not keep track of is time in various places, as he pursues research.

We have been advised we should do that. An analysis is ongoing. This is the reason we requested an additional amount. There has been no attempt to deceive you.

Mr. SNYDER. What you are saying is that this submission which is in front of you from Dr. Ripley is going to be changed before we get this bill out?

Dr. RUBINOFF. That precedes the advice from the General Accounting Office by a year, at least.

It is May 11, 1976.

The General Accounting auditors were in Panama last month.

Mr. SNYDER. You better send us something to get this straightened out.

Dr. RUBINOFF. It is just a misunderstanding.

Mr. SYNDER. Let us get it straightened out.

Thank you, Mr. Chairman.

I have to leave now.

Mr. METCALFE. Thank you.

Pursuing the subject of the April 13th letter for 1977, it was \$399,000, and now you are asking for a figure of \$750,000 as a limit.

For fiscal year 1978 in the May 11, 1976 letter you project \$607,000, but then for the following year, fiscal '79, you have dropped it to \$386,000, and then we come up again for fiscal year 1980 to \$427,000.

Is this because of capital construction projects or more construction causing you to go down and up again?

Dr. RUBINOFF. I think what we are anticipating is general inflationary increases.

This does not mean that we will spend it all in one year.

We are at the mercy of events we cannot control.

Two weeks ago a freighter, Scottish flag, going through the Canal blew its engine in front of the Island and started to go aground.

It was anchored by the pilot.

After tugs got it under control, we discovered that it had our electrical cable entwined. We had to have it fixed. We do not have the bill.

I suspect it will be indemnified.

This could be a \$10,000 or \$15,000 splicing job, which includes divers working weekends.

Or the same kind of event could be an act of God.

One of the trees sitting there could break the cable.

A tree in a clearing could knock down one of our houses.

We are asking for authority to spend the money if we need to. We don't necessarily plan to spend any specific amount by 1980 or 1981, because we cannot anticipate those needs.

Mr. METCALFE. Does minority counsel, Mr. Nicholas Nonenmacher, have any questions?

Mr. NONNENMACHER. Thank you, Mr. Chairman.

I have about four questions.

I would like to ask, Dr. Rubinoff, this question, because I think the background needs a bit of clarification.

Could you give us in a couple of sentences the precise structure of STRI and how the Biological Area on the Island fits under that?

I think there is a problem in that the facility at the Island preceded the establishment of what is now the parent body, and if you could address a few remarks to that relationship, it might clarify the matter of the indirect costs.

Obviously, some of them are borne by the parent body which is a creature subsequent in time to the Barro Colorado Island facility itself.

Will you explain that in a little more detail?

Dr. RUBINOFF. That is correct.

The administration of STRI is carried out in our offices in town, just below the Governor's residence in the Canal Zone.

It is a building we lease from the Panama Canal Company.

We operate marine labs on both coasts and on Barro Colorado Island.

Visitors come to work on the Isthmus of Panama through Smithsonian Institution support or using our facilities and are free to go to Barro Colorado or to one of the marine labs to do their studies.

Sometimes a piece of equipment is available at only one locality and they will move from one to the other.

The accounting, the purchasing, the personnel records, are all kept in the Ancon Building, so that the essential administrative services are all handled at one point for all of our activities on the Isthmus as well as our activities of staff working in Africa or elsewhere in the New World Tropics.

We have a string of facilities including Barro Colorado Island. In many ways, the parent organization is now a small, subsidiary part of the Tropical Research Institute. The reason for this was that we wanted to take advantage of the kinds of research we were developing in the fifties and sixties requiring comparative studies. There was a need to see whether the results we were getting in the habitat on Barro Colorado Island were valid at 2,000 meters altitude, or in a tropical grassland, so we wanted to be able to support some scientists off the Island.

Mr. NONNENMACHER. So apart from the work that is carried on, the Tropical Research Institute itself was established solely by the Smithsonian Institution in 1966, is that correct?

Dr. RUBINOFF. That is correct.

Mr. NONNENMACHER. Without any Federal interventions or warrant or statute from the Congress?

In other words, the Smithsonian established the Tropical Research Institute entirely on its own?

Dr. RUBINOFF. By the authority of the Board of Regents, yes.

Mr. NONNENMACHER. Then it took over operations which had been authorized in the past by an Act of Congress, namely, the Barro Colorado facility?

Dr. RUBINOFF. That is correct.

Mr. NONNENMACHER. For which you were able to get Federal appropriations?

Dr. RUBINOFF. That is correct.

Mr. NONNENMACHER. Now, does STRI itself, this totally Smithsonian body, get Federal funding other than for Barro Colorado?

Dr. RUBINOFF. Yes, it does.

Mr. NONNENMACHER. Is that something that came about subsequent to its establishment as a private organization?

Dr. RUBINOFF. That is correct.

Mr. NONNENMACHER. Are all the properties and facilities then utilized by the Tropical Research Institute, apart from Barro Colorado, Federal?

Dr. RUBINOFF. Yes.

Mr. NONNENMACHER. I gathered that from an earlier answer. There are no private property of facilities whatsoever?

Dr. RUBINOFF. Yes, certain bits of equipment might belong to a university, but, yes, essentially, it is Federal.

Mr. NONNENMACHER. Thank you.

Could you tell us what support functions, if any, and at what costs are provided to the Tropical Research Institute, and more, in particular, to Barro Colorado Island, by the Panama Canal Company?

Dr. RUBINOFF. Well, we buy such commodities as food, lumber, fuel, and gasoline for our vessels——

Mr. NONNENMACHER. But all at your expense?

Dr. RUBINOFF. At our expense, yes.

Mr. NONNENMACHER. Dr. Rubinoff, is there any support whatsoever that they donate to your functions?

Dr. RUBINOFF. No, we pay.

In the early history of the Island, back in the '20s and '30s, they were often helpful in giving surplus equipment, but those days are gone.

Mr. NONNENMACHER. I see.

I have two more questions, the first one regarding the treaty possibilities.

If the government of Panama should take over the operation of the Zone, to whom would you report in the government of Panama?

I take it that your contract would give you a certain amount of freedom, if not complete freedom, but under whose supervision would you directly come?

Would it be the Minister of Health?

Dr. RUBINOFF. That is correct, although we are free to deal with the other Ministries as we need to for the permanent exchange of data and things like that.

Mr. NONNENMACHER. You feel you would be completely free to operate in the eventuality of a treaty?

Dr. RUBINOFF. That is my opinion.

Mr. NONNENMACHER. My last question concerns the ecological dangers of a proposed sea level canal.

Has the Institute done any work on that?

Has it been asked to do any work?

If it has, what findings have you come up with, especially in regard to the dangerous, poisonous species in the Pacific entering into the Atlantic?

Dr. RUBINOFF. We were never asked to do any research, but because of our situation we did a lot of research that was relative to the question back in the latter part of the sixties and early seventies.

It is fair to state that as a result of the research conducted at the STRI marine labs from 1965 on, the National Academy of Sciences established a Committee for Ecological Research of an interocean canal which subsequently recommended that a sea-level canal not be constructed because there were potentially hazardous situations.

Dr. CHALLINOR was a member of that Committees. It was our research, designed essentially to find out what the situation was before a canal was built, which put us in the position of making some kinds of predictions of what might happen if a canal were built.

Of course, with limited knowledge these kinds of predictions are difficult to assess, but it is most likely that the introduction of some plants and animals from one ocean to another would have an effect.

Mr. NONNENMACHER. Are you doing research on this now?

Dr. RUBINOFF. On both oceans, but not directly, specifically as to what would happen with a sea-level canal.

Mr. NONNENMACHER. You don't have a budget item proposed over this period of years then, that you had to make such a study to come up with the final determination?

Dr. RUBINOFF. I don't think we can make a final determination, but I think we are going about it in the right way to find out more about the ecology of the oceans in that area so that if and when a decision is made to consider building that again, we will be in a much better position to have a precise statement and we could at least reduce the limits of our estimates of what might happen.

Right now, it is pretty broad speculation.

Mr. NONNENMACHER. Then at this moment the research you have concluded to date would tend to mitigate against the sea-level canal?

Dr. RUBINOFF. Without a biotic barrier, yes.

Mr. NONNENMACHER. Thank you very much. Thank you, Mr. Chairman.

Mr. METCALFE. Thank you very much.

Will the members of your panel be available to answer any questions that we propound to you in the future for the record of this hearing?

Dr. RUBINOFF. Yes, Mr. Chairman.

Mr. METCALFE. Therefore, let the record show that, without objection, the Chair will have a series of questions, which I would like to submit to the witnesses for the record.

Dr. RUBINOFF. Yes, sir.

[The questions of the Chairman, and the answers, follow:]

Dr. Ira Rubino
 Director
 Smithsonian Tropical Research Institute
 Box 2072
 Balboa, Canal Zone

1. In tabular form, for the fiscal year 1978, show for both the Smithsonian Tropical Research Institute and the Canal Zone Biological Area (a) the total funds received from (1) the Federal Government and (2) private sources, (b) the major categories of expenditures, and the amounts of each, made out of each of the fund sources, public and private, indicating in some clear manner those specific portions of STRI expenditures utilized for the Canal Zone Biological Area (some or all of which you have characterized as indirect costs of the Area).

SMITHSONIAN TROPICAL RESEARCH INSTITUTE

Income and Expenditures - FY 76

Sources of Funds	Expenditures	Salaries & Benefits	Travel	All Other	Total
FEDERAL	FEDERAL				
Salaries and Expenses	1,502,340	1,064,969	50,748	369,466	1,485,183
Repair and Renovation	54,139	...	...	54,139	54,139
CZBA Trust ^{1/}	48,153	52,698	...	...	52,698
Sub-total	1,604,632	1,117,667	50,748	423,605	1,592,020
NON-FEDERAL	NON-FEDERAL				
Grants and contracts with U.S. agencies	10,000	4,000	...	2,558	6,558
Other	91,778	8,587	15,954	46,891	71,432
Sub-total	101,778	12,587	15,954	49,449	77,990
TOTAL	1,706,410	1,130,254	66,702	473,054	1,670,010

^{1/}The trust fund is a permanent appropriation not subject to the statutory limitation

Question No. 1. (contd.)

BARRO COLORADO ISLAND
Income and Expenditures - FY 76 ^{1/}

Sources of Funds	Expenditures	Salaries & Benefits	Travel	All Other	Total
FEDERAL	FEDERAL				
Salaries and Expenses	Salaries and Expenses	132,448	928	158,114	291,490
Repair and Renovation	Repair and Renovation	...	...	...	...
CZBA Trust ^{2/}	CZBA Trust	52,698	...	...	52,698
Sub-total	Sub-total	185,146	928	158,114	344,188
NON-FEDERAL	NON-FEDERAL				
Grants and contracts with U.S. agencies	Grants and contracts with U.S. agencies	...	...	...	...
Other	Other	...	...	...	...
Sub-total	Sub-total	...	...	...	...
TOTAL	TOTAL	185,146	928	158,114	344,188

^{1/} Figures are drawn from those of the Smithsonian Tropical Research Institute and are not additions thereto.

^{2/} The Trust Fund is a permanent appropriation not subject to the statutory limitations.

2. For the four fiscal years previous to 1976, show the same data insofar as it may be available.

SMITHSONIAN TROPICAL RESEARCH INSTITUTE

Income and Expenditures - FY 75

<u>Sources of Funds</u>	<u>Expenditures</u>	<u>Salaries & Benefits</u>	<u>Travel</u>	<u>All Other</u>	<u>Total</u>
FEDERAL					
Salaries and Expenses	1,260,126	943,607	40,186	290,175	1,273,968
Repair and Renovation	75,000		...	77,063	77,063
CZBA Trust ¹	51,604	39,934	...	4,990	44,944
Sub-total	<u>1,386,730</u>	<u>983,561</u>	<u>40,186</u>	<u>372,228</u>	<u>1,395,975</u>
NON-FEDERAL					
Grants and Contracts with U.S. agencies	10,000	6,000	...	2,973	8,973
Other	68,458	330	10,996	47,012	58,338
Sub-total	<u>78,458</u>	<u>6,330</u>	<u>10,996</u>	<u>49,985</u>	<u>67,311</u>
TOTAL	<u>1,465,188</u>	<u>989,891</u>	<u>51,182</u>	<u>422,213</u>	<u>1,463,286</u>

¹The trust fund is a permanent appropriation not subject to the statutory limitation.

Question No. 2. (CONT'D.)

BARRO COLORADO ISLAND
Income and Expenditures - FY 75 ^{1/}

Sources of Funds	Expenditures	Salaries & Benefits	Travel	All Other	Total
FEDERAL	FEDERAL				
Salaries and Expenses	239,634	132,285	12	107,337	239,634
Repair and Renovation	...	...	...	...	...
CZBA Trust ^{2/}	51,604	39,954	...	...	39,954
Sub-total	291,238	172,239	12	107,337	279,688
NON-FEDERAL	NON-FEDERAL				
Grants and Contracts with U.S. agencies	...	...	...	...	...
Other	...	...	...	...	...
Sub-total	...	...	...	...	...
TOTAL	291,238	172,239	12	107,337	279,688

^{1/} Figures are drawn from those of the Smithsonian Tropical Research Institute and are not additions thereto.

^{2/} The trust fund is a permanent appropriation not subject to the statutory limitation.

Question No. 2 (contd.)

SMITHSONIAN TROPICAL RESEARCH INSTITUTE

Income and Expenditures - FY 74

<u>Sources of Funds</u>		<u>Expenditures</u>		<u>Salaries & Benefits</u>	<u>Travel</u>	<u>All Other</u>	<u>Total</u>
FEDERAL		FEDERAL					
Salaries and Expenses	1,079,700	Salaries and Expenses		795,478	38,916	242,167	1,076,561
Repair and Renovation	45,000	Repair and Renovation		...	...	7,985	7,985
CZBA Trust	43,401	CZBA Trust		55,930	...	2,357	58,287
Sub-total	<u>1,168,101</u>	Sub-total		<u>851,408</u>	<u>38,916</u>	<u>252,509</u>	<u>1,142,833</u>
NON-FEDERAL		NON-FEDERAL					
Grants and contracts with U.S. agencies	24,125	Grants and contracts with U.S. agencies		19,603	...	2,607	22,210
Other	40,758	Other		...	3,794	30,794	34,588
Sub-total	<u>64,883</u>	Sub-total		<u>19,603</u>	<u>3,794</u>	<u>33,401</u>	<u>56,798</u>
TOTAL	<u>1,232,984</u>	TOTAL		<u>871,011</u>	<u>42,710</u>	<u>285,910</u>	<u>1,199,631</u>

1/ The trust fund is a permanent appropriation not subject to the statutory limitation.

Question No. 2 (CONTD.)

BARRO COLORADO ISLAND

Income and Expenditures - FY 74 1/

Sources of Funds	Expenditures	Salaries & Benefits	Travel	All Other	Total
FEDERAL	FEDERAL				
Salaries and Expenses	Salaries and Expenses	99,163	6	76,035	175,204
Repair and Renovation	Repair and Renovation	...	...	...	...
CZBA Trust 2/	CZBA Trust	55,930	...	...	55,930
		155,093		76,035	231,134
Sub-total	218,605				
NON-FEDERAL	NON-FEDERAL				
Grants and contracts with U.S. agencies	Grants and contracts with U.S. agencies	...	...	...	...
Other	Other	...	...	...	...
Sub-total	Sub-total	...	...	...	...
TOTAL	TOTAL	155,093	6	76,035	231,134

1/ Figures are drawn from those of the Smithsonian Tropical Research Institute and are not additions thereto.

2/ The trust fund is a permanent appropriation, not subject to the statutory limitation.

3. (a) Does either the Smithsonian Tropical Research Institute or the Canal Zone Biological Area borrow any funds from any sources for capital or operating expenses? (b) If there is any borrowing, list any loans made to either the entities over the last five years, and delineate the expenditures made by each entity showing the loan duration, interest rates, and the interest paid to date on any loans. (c) If the expenditures were not made from loans, why did you prorate over their useful life the costs of telephone installation and tramway renovation instead of listing their full costs as expenditures in the year(s) these projects were accomplished?

Neither the Smithsonian Tropical Research Institute nor the Canal Zone Biological Area borrows funds for any purpose.

An interim internal planning document prorated capital expenses involved in the reconstruction of the tramways and the installation of the telephone on Barro Colorado Island in order to obtain a reasonable estimate of depreciation and a projection of required replacement.

The telephone installation was originally to be accomplished by the Panama Canal Company in its role as supplier of public utilities in the Canal Zone. Had this been done the costs would have been amortized to STRI over a number of years. In that very restricted sense, STRI would have received a loan. However, because the Canal Company refused to afford this project sufficient priority to allow capital funds for the purchase and installation of the necessary equipment Smithsonian funds were used. The telephone was charged to the year the contract to the Canal Company was issued (FY 76), as was the fabrication of the rail support and procurement of the winch for the tramway. Installation of the winch and control mechanisms were completed in FY 77 and charged to the current appropriation.

4. Regulations

What are the rules and regulations which govern the Smithsonian Tropical Research Institute and the Canal Zone Biological Area? How are the rules and regulations which govern the two entities the same? How are they different? Who is the issuing authority for the rules and regulations which govern each entity?

The Smithsonian Tropical Research Institute was established in 1966 by the Board of Regents of the Smithsonian Institution. It is governed by the general provisions of the basic Smithsonian statutes, as well as memoranda and regulations of the Smithsonian Institution issued under 20 USC 41 et seq. Administration of the Canal Zone Biological Area (Barro Colorado Island), which is an integral part of STRI, is subject to the same statutes and to the provisions of 20 USC 79a-e as well.

Both entities are further subject to Federal law governing the uses of appropriated funds, the civil service as it applies to the Canal Zone, and procurement among others; to the Canal Zone Code and related laws enacted by Congress; and to executive orders issued by the Secretary of the Army and the Governor of the Canal Zone.

5. User Fees

Over the last five fiscal years, what percentage of the operating costs of the Canal Zone Biological Area have been recovered in user fees? What percentage of the total costs have been recovered in user fees? What formula is used to determine the fees that should be assessed?

Barro Colorado Island fees are recommended by the Director of the Smithsonian Tropical Research Institute and approved by the Treasurer of the Smithsonian Institution.

No explicit formula is used to calculate fees, but existing guidelines provide that user fees should (1) cover those costs of BCI which increase as use increases and (2) cover some small fraction of fixed costs.

In setting fees, fees charged at other field laboratories are considered. Student fees are related to amounts granted as stipends through fellowships from major U. S. universities and the National Science Foundation.

6. Proration of Grants

Are any of the grants received by the Smithsonian Tropical Research Institute partially or wholly assigned to the costs of the Canal Zone Biological Area, either pursuant to 20 U.S.C. 79d or another section of the statutes or regulation?

No.

7. Capital Project Priority

The Smithsonian Tropical Research Institute's submission to the Panama Canal Subcommittee on April 28, 1976, indicates a need for eight repair and building programs for the Biological Area in the next decade. Prioritize these programs and characterize the importance of these, and indicate the amount needed for each.

PRIORITY REPAIR AND RENOVATION PROGRAMS

1979: Replacement of dormitories originally constructed in 1924 \$125,000

The building is heavily infested with termites; its wiring is obsolete; and room arrangements and accommodations are inadequate for scientists on long-term research projects.

1980: Replacement of dining hall and kitchen facilities with more modern sanitary facilities \$169,500

Present dining facilities are part of the dormitory building constructed in 1924. Because many scientists work on nocturnal organisms, it is important that sleeping quarters are separated from noise-producing daytime activities associated with the kitchen and dining areas. The structure is wooden, and difficult to maintain at modern sanitary standards. The kitchen is in a small wooden building adjacent to the dining room-dormitory. It is difficult to clean, contains inadequate storage, and is too small to accommodate modern food preparation and dishwashing machinery.

1981: Replacement of current septic-sewage system with modern, non-polluting sanitary treatment facility \$50,000

A new facility would tie together the buildings into a single sanitary system under one control.

Question 7 (CONTD.)

Reconstruction of the ground floor of laboratory building..... \$35,000

The laboratory building was found to be dangerously termite infested in 1976 and on an emergency basis the upper story of this building was reconstructed, allowing a more efficient apportionment of space and an energy saving central air-conditioning system was installed. The ground floor reconstruction would permit further economies of space, cooling, and dehumidification.

Construction of new long-term staff scientist residence..... \$35,000

Staff and post-doctoral student research interests vary from year to year, but the observable trend is toward longer term studies which frequently involve comparison of fluctuations in the environment between dry and wet seasons and between successive years. Scientists, particularly those with families, require more space and privacy than can reasonably be accommodated under dormitory arrangements.

1982: Reconstruction of animal holding facility..... \$35,000

The present facility provides adequate space for keeping animals necessary to research in captivity and providing for their food and health care. However, the wood and screen structure is suffering the ravages of termites, carpenter ants, and dry rot, and should be replaced with a concrete structure.

Enlarging plant growth facility..... \$20,000

Plant ecology is an essential program designed to learn how the forest regenerates itself. A more substantial permanent facility is required in the near future..... \$20,000

Towers and crosswalks..... \$25,000

The processes and activities of the forest canopy are the least understood aspects of the ecology of tropical forests because no safe and simple method of sampling and observing has been devised. A series of towers and crosswalks between them is proposed for sampling and observation of a reasonable cross-section of the forest at 100-150 feet above ground.

8. Increase in Visitors

Data submitted by STRI in 1975 and 1976 to the Panama Canal Subcommittee indicate a great increase in 1975 in the number of visitors to the Biological Area. Why did this great increase in the number of visitors occur?

The large increase in visitors to Barro Colorado Island during 1975 can be attributed to several causes. The first of these was a highly successful series of weekly guided tours. This was an experiment in public education aimed at the interested layman, both American and Panamanian. Given by a bilingual guide in English and Spanish, each tour included a hike in the forest, a tour of the facility; a lecture on the environment, its plants and animals; and an explanation of the role of the Smithsonian Tropical Research Institute in studying them. Though very popular, the tours have been curtailed drastically in 1976 because of financial constraints and because of increasing scientific use of the island.

The increasing scientific use of the island is another major reason for growth in the number of visitors to Barro Colorado Island in 1975. Subtracting visitors, numbering more than two hundred, who came on tours in 1975, the number of visitors to BCI has shown a smooth and regular increase over the last four years because more scientists and students are performing research there. The reasons for this are centered mainly on the growing interest in the United States and some of its universities in the agriculture, climatology, ecology, public health, and conservation of tropical parts of the world, and an increasing need to study this region.

With rising costs throughout the world and decreasing amounts of money available for research, the opportunities for doing research on BCI have become more attractive. As very large grants, which formerly allowed an investigator to build an individual field station, are becoming fewer, more investigators are turning to established stations such as BCI where facilities are already available and are less expensive on a per capita basis because of shared costs. In addition, several tropical field stations such as Bimini, have been forced to close or to drastically reduce programs, as are the cases of Ots in Costa Rica and Simla in Trinidad, primarily because of rising cost factors. Thus, a decreasing number of alternative facilities has also increased the number of people wanting to use Barro Colorado Island.

9. Authorization for Biological Area

How can it be assured that the authorization limit for the Canal Zone Biological Area is not being exceeded when the appropriations for the Biological Area are indistinguishable from appropriations for the Smithsonian Tropical Research Institute?

The Smithsonian Tropical Research Institute budgets a specific amount for Canal Zone Biological Area expenses each year within the limits authorized by Congress. The accounting system of STRI and the supervision of this system by both the Smithsonian Accounting Division and the Smithsonian Office of Audits in Washington, D. C., assures adherence to the authorized limits.

10. Treaty Negotiations

Considering the contract signed between the Institute and the Government of Panama, would a change in the jurisdiction to which the Canal Zone Biological Area is subject alter the basic benefits, contributions, or responsibilities of the Area?

The possible effects of a change in jurisdiction on the Canal Zone Biological Area have been discussed with the U. S. Department of State. Its staff believes that under an international agreement, which will be part of a new treaty, the reserve and the research status of Barro Colorado Island will be protected. Discussions with Panamanian Government officials indicate their full appreciation of the importance of Barro Colorado Island as an international conservation and scientific resource.

In addition, we believe two existing agreements would further insure the continued operation of the Smithsonian Tropical Research Institute and its Barro Colorado Island facility should jurisdictional changes occur. The first is an international convention, signed by the United States in 1940 and ratified by Panama in 1972 which provides for cooperation between the American states for purposes of preservation of flora and fauna and natural areas. The second agreement is a contract signed by STRI in 1977 with the Panamanian Ministry of Health which authorizes scientific operations throughout the Isthmus.

Jurisdictional changes may effect operations such as procurement sources and the compensation scale of employees, but would not materially effect the quality of the scientific research or the benefits of that research.

Mr. METCALFE. To our witnesses I would like to express, on behalf of the Subcommittee, our deep appreciation for your presentation and for your meeting here with us, and for being able to give us some answers to the questions that we have.

If there is no further testimony, the meeting of the Subcommittee will stand adjourned, subject to the all of the Chair.

Thank you very much.

[Whereupon, at 3:10 p.m., the meeting of the Subcommittee was adjourned, subject to the call of the Chair.]

PROBLEMS OF CANAL ZONE RESIDENTS AND EMPLOYEES

TUESDAY, APRIL 12, 1977

HOUSE OF REPRESENTATIVES,
COMMITTEE ON MERCHANT MARINE AND FISHERIES,
SUBCOMMITTEE ON THE PANAMA CANAL,
Balboa, Canal Zone

The subcommittee met at 9:00 a.m. in the Board Room of the Administration Building, Balboa Heights, Canal Zone, Hon. Ralph Metcalfe (chairman of the subcommittee) presiding.

Mr. METCALFE. Good morning. We have here this morning Congressman Leo Zeferetti, who is a Member of the Panama Canal Subcommittee. On my immediate right is Congressman Elwood Hillis, a Member of the Armed Services Committee. Then we have Minority Staff Member Mr. Nick Nonnenmacher and we also have with us Mr. Benard Tannenbaum, a consultant to the Committee on Merchant Marine and Fisheries, and we are extremely happy to have him. We also have Mr. Keith Guthrie of the State Department, who did an excellent job yesterday of briefing us on the plane even though hindered by the noise of the airplane engines. His briefing was excellent. Another gentleman here this morning is Mr. Coleman Conroy, my legislative assistant. His duties go far beyond those of a normal legislative assistant. He is active and is often called into consultation whenever Mr. Terry Modglin, whom I am to introduce now, is taken up with an issue and well-taken up. I thought it incumbent to bring Mr. Conroy down to help in the assistance. The charming lady to his left is Mrs. Carolyn Robinson, who is a staff member.

Governor Parfitt, Ladies and Gentlemen, we are pleased to be in the Canal Zone once again. We are pleased this morning to invite the counsel of a dynamic Governor and a group of managers who have kept the Panama Canal running in an admirably efficient way.

There is much to be discussed today. The last occasion on which the subcommittee formally heard Governor Parfitt was April of last year. The last general oversight hearings of the subcommittee were two years ago. The last subcommittee hearings in the Canal Zone were three years ago.

While we have not had the Governor as a witness in nearly a year, we have exchanged much correspondence on a variety of subjects.

I might add parenthetically that the Governor has always responded immediately to our requests.

Congress does have an important role as the legislature for the Canal Zone, and we are here to see what laws are needed. We are here to see if the present law is being administered in accordance with the intentions that preceded it. We are here to determine what the best framework for operating the Canal and Canal Zone ought to be.

Having said this, I would like to give my two distinguished colleagues an opportunity to make some remarks. We have a distinguished member of the subcommittee, as I indicated before, Representative Leo Zeferetti, to my left. We are especially pleased that Congressman Elwood Hillis of Indiana, a member of the very important Armed Services Committee, has been able to make this visit with us. I am sure that he will have a number of very cogent questions about the military side of the Canal. Gentlemen, do either of you wish to make a remark?

Mr. Zeferetti?

Mr. ZEFERETTI. Thank you, Mr. Chairman.

As a new member of the subcommittee, I welcome the opportunity to be able to sit in at these hearings and obtain firsthand information. We are here to learn.

Governor, I want to thank you for being most gracious and most hospitable to us last evening and I welcome the opportunity to hear your testimony.

Thank you, Mr. Chairman.

Mr. METCALFE. He does that with such great ease.

Congressman Hillis.

Mr. HILLIS. Thank you, Mr. Chairman, I, too, am very happy to be in the Canal Zone. I am here as kind of an observer, and I am here to have the opportunity to learn what part the Canal plays in our overall national security picture.

I, too, want to thank you for a very nice evening.

Mr. METCALFE. At this point I ask unanimous consent that Congressman Elwood Hillis be allowed to sit with the subcommittee and that he be given all procedural prerogatives due subcommittee members.

Without objection it will be so ordered.

Governor Parfitt, we are now anxiously awaiting your testimony.

STATEMENT OF HAROLD R. PARFITT, GOVERNOR OF THE CANAL ZONE, AND PRESIDENT OF THE PANAMA CANAL COMPANY

Governor PARFITT. Mr. Chairman and members of the committee, I extend to you a warm welcome to the Canal Zone. I am certainly pleased to be of assistance and trust that the information you will gather during the course of these hearings will provide a useful perspective of the Canal enterprise as a whole and in addition afford you some insight into special problems we face in our day-to-day operations.

Your interest in, your guidance of, and your support for the Panama Canal and its employees are all most welcome in helping to combat the morale problems which we now face. The tremendous

uncertainties arising from treaty negotiations and the cumulative effect of changes over the past two years in policies affecting personnel benefits and living and working conditions have had an adverse effect on morale. It is not possible to pinpoint specific occurrences wherein this weakening of morale has thus far had an effect on operations, but it is generally obvious that the traditional pride of the Canal employee in his work has been adversely affected. Inevitably, if not checked, this will erode productivity.

The most evident expression of low morale is the significant increase in turnover of U.S. citizen employees which occurred during calendar year 1976. Resignations by U.S. citizen employees during 1976 totalled 290 out of an average employment figure of 3514, or 8.25 percent. Although the number involved is not alarming, the trend is of considerable concern. The Panama Canal workforce has always been characterized by a high degree of stability, but in 1976 the resignation rate was 30 percent over the average for the previous 9 years and 57 percent over the average for the previous 3 years.

Many of the vacancies resulting from increased U.S. citizen turnover can readily be filled from the local labor market. Aside from the increased cost due to replacement processing and break-in time for new employees, and the reduced efficiency of operating teams, such as at the locks, this turnover is of limited significance for the agency. The hard-to-fill categories do concern us, however. These include our Canal pilots, towboat and dredge masters and engineers, nurses, medical officers, machinists and electricians, and a few others. We are therefore carrying on an active U.S. recruitment program for those positions which cannot be filled locally. Obviously, substantially higher costs do result from this method of filling our vacancies.

Recruitment problems have stemmed from publicity in the U.S. concerning the treaty negotiations with the Republic of Panama. Prospective employees are wary in seeking employment with the Panama Canal when doubt exists as to the future security and tenure of the positions and the conditions which might prevail under a new treaty. Nevertheless, at the present time, we continue to be able to recruit essential skills from the United States.

Let me emphasize at this point that the company's position is that we should continue to operate on a sound, businesslike basis as an ongoing enterprise, without attempting to anticipate the many possibilities that might be considered in the treaty negotiations. In that respect we are continuing with our ongoing capital programs, and contemplate an increased level of expenditures for capital replacements and improvements over the next 5 years. For example, an important capital project presently underway is the widening and straightening of portions of the navigational channel through Gatun Lake. When completed the project will provide greater safety for the navigation of the larger ships that we are seeing in ever-increasing numbers.

To return to the matter of morale, the uncertainties inherent in the treaty negotiations have been exacerbated by several factors:

Press releases in Panamanian newspapers presenting as fact their versions of the content of treaty talks and attacking the Canal Zone and Canal employees;

The January 9, 1977, incursions into the Canal Zone;

The Panama National Guard detention for several hours without cause of one of our most active labor representatives, Officer William Drummond, President of the Police Union, and an outspoken opponent of the treaty;

And a series of bombings in the Canal Zone last fall, one of which involved the automobile of Officer Drummond.

Such incidents tend to alienate employees, harden their resentment, and intensify their fear of post treaty conditions when they might no longer have the protection and guarantees presently enjoyed under U.S. jurisdiction in the Canal Zone.

I have long advocated release of information about the treaty talks and last month I was successful in obtaining consent of the U.S. treaty negotiators and the Secretary of the Army to release to our employees a 15-point paper outlining assurances concerning employee rights that constitute the minimum position of the United States with respect to these issues. Employee response to the announcement has been cautious and reserved to date. They are generally appreciative for having been authoritatively informed; however, there is a general feeling that the assurances are inadequate and leave many questions unanswered. They are hopeful that this marks the beginning of a more fruitful exchange between employees and U.S. negotiators.

[The material referred to follows:]

ASSURANCES FOR PRESENT EMPLOYEES OF THE
PANAMA CANAL COMPANY/CANAL ZONE GOVERNMENT
UNDER A NEW PANAMA CANAL TREATY

(Given to Canal Employees by Canal Zone Governor Parfitt on March 15, 1977)

The following list of assurances for present United States citizen and non-United States citizen employees of the Panama Canal Company/ Canal Zone Government are derived from the United States position. They represent those assurances on fundamental items of particular interest to Canal employees which would, as a minimum, be provided in the context of any new treaty relationship. Obviously, all treaty provisions are subject to negotiation, the ratification process, and such Congressional implementing legislation as may be appropriate.

No formal, comprehensive agreement has been reached between the United States Government and the Republic of Panama regarding this issue or any other.

These assurances are not intended to be final or all-inclusive. Other areas of concern are continuing to be examined. These assurances should, however, provide employees with a general understanding of the minimum level of benefits and protections being sought.

1. Schooling and medical care provided by the United States Government will continue to be available for United States citizen employees and their dependents.

2. United States citizen employees will continue to be provided with adequate housing at a reasonable cost. Residential areas will be managed in such a manner as to maintain a mix of United States and Panamanian residents.

3. United States citizen employees and their dependents will continue to enjoy duty-free import and purchasing privileges concerning items for private use. They will also be authorized use of military service facilities.

4. United States citizen employees and their dependents will be exempted from Panamanian tax on any income derived from

- The Canal operation or other United States Government agencies, and
- sources outside the Republic of Panama.

5. In connection with offenses arising from acts or omissions punishable under the Laws of the Republic of Panama, United States citizen employees and their dependents will be entitled to specific procedural guarantees, such as prompt and speedy trial, specific charges, cross-examination of witnesses and legal representation of choice.

6. United States citizen employees and dependents who may be considered to be dual nationals will have the same status under the new treaty as those of exclusive United States citizenship.

7. Non-United States citizen employees automatically will be covered under the Panama Social Security System, except that those with five or more years of United States Government service as of the effective date of the new treaty will have the option to retain U. S. Civil Service retirement coverage in lieu of transfer to Panama Social Security coverage.

8. Panamanian citizens will be employed in increasing numbers at all levels of the management and operation of the Canal.

9. Increased Panamanian employment in the operation of the Canal will not be used to displace current United States citizen Canal employees.

10. All eligible employees are guaranteed by current regulation, reduction-in-force and reassignment right, transfer or function rights, and discontinued service retirement following involuntary separation. In addition, the Civil Service Commission will be requested to grant approval of and/or waivers for "early optional retirement" or liberalized severance pay coverage for employees of Canal enterprise activities which are scheduled for elimination, reduction or transfer. Employees whose working conditions are so adversely affected by the treaty that special consideration is appropriate may also be included in this commission request.

11. Civil Service Commission approval will be sought to provide any present United States citizen employee requesting such assistance with priority placement consideration for appropriate vacancies in federal government agencies.

12. To the extent consistent with sound management, the terms and conditions for the employment of non-United States citizen personnel will, as a matter of policy, conform with the general principles contained in the labor laws of the Republic of Panama.

13. The Government of the United States will ask that special placement assistance be offered by the Republic of Panama to any non-United States citizen employee who may be displaced by reason of the treaty.

14. The Canal management will conduct its relations with recognized employee unions representing Canal employees in accordance with Executive Order 11491, as amended, and/or other mutually acceptable form of collective bargaining.

15. Recommendations, if appropriate, will be made to the Office of Management and Budget for legislative action found necessary to prevent an erosion of the general level of employee benefits and conditions of employment under any new treaty.

Governor PARFITT. An additional step that I feel has had a calming effect is the clarification of the matter of procedures for U.S. citizen employees desiring to transfer to Civil Service positions in the United States. In general, movement of U.S. citizen employees between the Canal Zone Merit System and the competitive Civil Service is accomplished in the same manner as transfers between two positions in the Civil Service. Considerable publicity has been given to this information and two Company personnel specialists have been designated to handle inquiries about transfers and related personnel matters such as transportation. Furthermore, the company has subscribed to the Federal Research Service Report, a private publication listing vacancies in federal agencies nationwide, and this information is posted for public use.

From management's point of view, we do not want to lose any of our valuable employees, and these measures are designed not to encourage transfers but to give U.S. citizen employees the sense that we are interested in their welfare and that they are part of the overall Federal establishment and need not move rashly.

Another underlying cause for increased turnover among U.S. citizen employees is the perception that there is an ongoing whittling away of their benefits and living and working conditions. Although in these days such a perception might be universal within the Federal service, for the Panama Canal employee it has a special significance. The development of the Canal's highly stable workforce was a direct result of the stability of benefits and living conditions, including housing in Company towns and shopping in Company stores. The influence of the Company in the lives of its employees is all-pervasive. For that reason, any change in benefits or living conditions is perceived as a change in employment conditions, a breach by the company of the incentive conditions that originally induced the employee to accept stabilized employment with the company.

There have been changes, some as the result of economic pressures, and others to bring about greater equality of opportunity and treatment for our non-U.S. citizen employees. Many of the changes,

as you know, were made following the recommendations contained in the GAO study in 1975. I would like to give you an update on some of the more significant changes that have taken place.

CONSOLIDATION OF HOUSING

In February, 1976, a change was made to the housing regulations to consolidate housing formerly assigned separately to U.S. citizens and non-U.S. citizens. As a result of this change, non-U.S. citizens at or above the NM-7 level already assigned family housing in the Canal Zone can compete with U.S. citizen employees on an equal basis for vacancies in U.S. community housing. There are more than 190 non-U.S. citizens living in the Canal Zone who are at or above the NM-7 grade level. Of these, 62, primarily policemen and physicians, were already living in U.S. communities. An additional six such special position housing assignments have since been made, and 13 non-U.S. citizens have made the change to U.S. communities under the new regulations, bringing to 81 the total number of non-U.S. citizens residing in U.S. community housing. Also, as part of the change, U.S. citizen employees who are below the NM-7 housing eligibility grade cutoff were made eligible for housing in the former Latin American communities, and 87 of them have taken advantage of this opportunity and moved from Panama into these communities. Additionally, 60 U.S. military families were provided such housing on a space available basis. I am pleased to report that the consolidation of the housing to date has gone smoothly.

CONSOLIDATION OF SCHOOLS

A year ago last month we began Phase I of the consolidation of students from our Latin American schools into our U.S. schools. 119 pupils in kindergarten through fourth grade were given special English language training during the late Spring and entered U.S. schools in August with the beginning of the regular school year. In addition, 41 students from the phased-out grades took advantage of the option to attend schools in the Republic of Panama, with tuition and transportation costs borne by the Canal Zone Government. Reports indicate that Phase I has gone well.

Phase II, involving 183 students going into grades 6 through 8 has just begun and 169 of these students are undergoing the special training to prepare them for entry into U.S. schools in August. Another 14 students have opted for schools in the Republic of Panama.

The third phase will involve approximately 300 students going into grades 10 through 12, who will be offered three choices: they may transfer to U.S. schools, opt for schooling in Panama, or, if enough students so desire, may continue their education in their present school until the last students graduate in December, 1980.

There has been very little difficulty with the consolidation of the non-U.S. students into the schools. There have been, however, strong objections raised by U.S. citizens against having their children taught by non-U.S. citizen teachers. Thus, placement of the teachers from the Latin American schools as those schools are phased out, is very sensitive and requires special care and attention.

SECURITY POSITIONS

Another change that was made recently was the establishment of new criteria for the designation of security positions. Under legislation implementing the 1955 treaty, there is to be equal employment opportunity for U.S. and non-U.S. citizens, with the exception of positions which require U.S. citizens for security reasons. Under the new criteria, which were adopted on July 4, 1976, the number of security positions was reduced from 1095 to 580. Additionally, in February of this year, the Fire Division, after consultation with the involved unions, acted to remove the security designation from all fire sergeant positions. Previously seven had been designated as security positions.

EQUAL EMPLOYMENT OPPORTUNITY

In the area of human rights, our equal Employment Opportunity program has been very active and may experience a substantial increase in workload. The General Counsel of the Civil Service Commission has recently ruled that non-U.S. citizens employed in the Canal Zone are within the scope of persons protected by the equal employment opportunity laws. Aliens employed by Federal agencies in other overseas areas are not so covered. In light of this ruling, the Company is preparing to conduct, on July 8, 1977, a minority census to identify minorities among our non-U.S. employees.

Although we had previously administratively extended to our non-U.S. citizen workforce the opportunity to have equal opportunity complaints heard within the agency, this action by the Civil Service Commission obligates us to follow somewhat more cumbersome procedures in processing complaints, including a right of appeal to the Commission and to the courts. The new ruling applies not only to our 10,000 non-U.S. citizen employees but also to the more than 20,000 applicants for employment with the Company/Government.

To complicate matters, there is considerable confusion among employees and others concerning the applicability of the Civil Rights Act to complaints of discrimination on the basis of citizenship. As you know, the Civil Rights Act prohibits discrimination on the basis of "national origin," meaning ancestry or ethnic heritage; this particular act does not prohibit discrimination on the basis of "nationality," meaning citizenship or current political allegiance—although such discrimination is unlawful in certain contexts under other laws.

Understandably, U.S. citizen employees who feel that they have been treated less favorably than Panamanian employees and Panamanian employees who feel that they have been treated less favorably than American employees do not make these careful linguistic distinctions and, consequently, an increasing number of complaints are being brought in the EEO framework which in the agency's view do not belong there.

The Company is working with the Civil Service Commission to ascertain how this problem is to be resolved, hoping thereby to avert a situation in which practically every personnel-related deci-

sion in the Company/Government would be susceptible of challenge as an EEO matter solely because employees of both nationalities are involved.

These have been some of the more significant changes and concerns in the personnel area. Other matters now being reviewed include eligibility for home leave travel and repatriation, and new federal wage system job-grading standards, which may adversely affect some 800 manual employees. It is hoped that any adverse impact of these actions can be cushioned by some form of grandfathering.

UNIVERSAL TONNAGE MEASUREMENT SYSTEM

The Committee has expressed an interest in the Company's attitude toward using the Universal Tonnage Measurement System as the basis for payment of Panama Canal tolls. As you may know, the Universal System is contained in the 1969 Tonnage Measurement Convention which will come into force two years after 25 countries representing 65 percent of the world's commercial tonnage ratify the convention. At the moment, 30 countries have signed representing some 55-60 percent of world gross tonnage. The major holdout is Japan, with about 10 percent of the world's tonnage. The United States, with approximately 4 percent of the world's tonnage, has not yet ratified the convention, but in any event the Presidential message recommending ratification by the Congress specifically exempts the Panama Canal from mandatory use of UMS.

The Company has reached no decision as yet on whether to continue with the present Panama Canal tonnage system after the 1969 convention comes into force or whether to recommend a change to a new or revised system in accommodation of the convention rules. Although the Company favors the concept of a universal measurement system, the decision to change to a new toll system will depend to a great extent on how the system would affect the relative distribution of tolls among the individual ships using the Canal. Earlier studies made by us indicate that adoption of either convention net or convention gross rules would result in tolls against individual ships significantly different from current tolls even after adjustment in rates to equalize Canal revenue. The studies also showed that the 12-year transition period would pose serious problems for the Canal with respect to rate structuring and revenue stability. Whether or not these adverse effects can be satisfactorily minimized is among the questions currently under study.

CANAL TRAFFIC

Concern has been expressed that the 19.5 percent toll increase that went into effect on 18 November 1976 might have an adverse effect on Canal traffic. Actually, since the date of the rate increase there has been an increase in the total cargo tonnage transiting the Canal, so there is no way to measure if any traffic has been lost because of the tolls increase. There has been a slight reduction in numbers of ships transiting the Canal this year as compared to the

same period last year, but the number of large vessels is still increasing, thus yielding a higher average toll per transit. As a consequence, tolls revenues for the first 6 months of fiscal year 1977 are at target levels and in consonance with the projections used in the justification for the tolls increase.

The traffic situation and tolls income picture could, however, be worsened if the dry season continues much longer in its present severity. The dry season months thus far are among the driest on record here. Water inflows to the lakes have been extremely low, with March being the second lowest of any month on record. Unfortunately, this followed a short rainy season during which it was impossible to fill the lakes before the onset of the dry season.

Last year the minimum draft restriction was 37 feet, which is the allowance at the present time. However, we are now forced to consider the possibility of a 35 foot allowable vessel draft, and we have already advised shippers that the draft allowance will be reduced to 35 feet, 6 inches on 3 May 1977. In addition to its obvious impact on shipping, the water shortage also reduces our hydropower production capability, significantly increasing the cost of electrical power generation. Obviously we are looking for the onset of the rainy season to maintain lake levels so that large vessel transits will not be lost and hydropower generation can be resumed.

CANAL SAFETY

Transiting vessels safely with a minimum number of accidents has been, and is, of continuing concern. Accident evaluation is used as the basis for channel improvements, for more thorough vessel inspection prior to transit, for revising training programs, and for developing safer operating procedures. Programs of seminars and discussions are periodically scheduled with locks personnel, towboat personnel and pilots in order to improve the coordination of the operating team. Channel redesign has been studied and is the basis for new dredging programs.

Despite the foregoing, the accident record is not as low as we would like, although it is generally lower than that of historic levels. For example, between 1914 and 1974 there was an average of one ship accident for each 292 ships transited. In the five-year period 1972 to 1976, in spite of the increasing average size of ships transiting, the annual average for accidents had improved to one accident for each 406 total transits, principally because of improvements in procedures and capital acquisitions such as tugs, locomotives and lighting. Unfortunately, the average for the first half of fiscal year 1977 was about 10 percent below the all-time average, with an accident for each 267 total transits. However, this is too brief a statistical sample to establish a trend, and, in fact, the second quarter of the fiscal year showed an upward improvement, with one accident for each 361 transits.

We will continue to take every reasonable measure to reduce accidents, and to minimize the ever-increasing financial burden which they impose.

FINANCIAL MANAGEMENT

In the financial area, the operating results for the first 6 months of fiscal year 1977 are consistent with budget and, barring any major shortfall in traffic forecasted for the remainder of the fiscal year, we expect to attain the \$4.2 million net revenues projected. Furthermore, we are still optimistic that the present toll rate will permit a break-even operation through fiscal year 1979, including payments to the U.S. Treasury in the amount of \$9.3 million of deferred liabilities from fiscal year 1976 and the Transition Quarter.

NORTH SLOPE OIL

The potential for North Slope oil could have a profound impact on future traffic and tolls. It now appears possible that some of this oil could pass through the Canal in early fiscal year 1978, reaching a rate of about 500,000 barrels—approximately 70,000 long tons—daily. This translates to about three large tanker transits per day. If this materializes, our tolls revenue could be increased by as much as \$27.7 million and \$36.9 million in fiscal years 1978 and 1979, respectively. Related costs would be relatively small. Therefore, this development would have a very favorable impact on our net revenues. Hopefully, we will receive sufficient notification to permit appropriate planning and implementation of measures to accommodate this traffic.

CONCLUSION

The complexity of the issues and problems that abound in the Canal Zone makes it impossible for me to cover the situation in any depth in this opening statement. I have just tried to highlight those matters that I believe are most important and of greatest interest to you. Emphasis has been placed on morale and motivation of the workforce which is so necessary to mission accomplishment.

Unfortunately, many of our employees are beginning to lose sight of the importance of their work. The treaty negotiations per se have been interpreted as a lessening of U.S. interest in the Canal and the timing of the changes in organizational policies have been viewed as a coordinated political effort to get rid of the U.S. citizen employee. These attitudes and perceptions must be dealt with promptly, directly and effectively. Management is dedicated to this end. The Canal is an important artery of world commerce and its continued efficient operation is obviously of considerable concern to the United States. In this regard, our employees are our greatest asset. We want them to know that.

Recent developments will assist management in dealing responsibly and effectively with the challenges I have outlined. The improvement in the economy, for one thing, will help by taking some of the economic pressures off the Company. The breakthrough in having employee assurances released concerning the U.S. position on employee rights is a positive step in the right direction. Too, these hearings are most helpful. The presence of the committee, as an expression of Congressional concern, demonstrates the importance attached to the Canal and its employees at the highest levels of government.

What this all adds up to is demonstrable appreciation for the key role of the employee in the operation of the Canal. I am confident that this will be most meaningful to our dedicated employees and greatly aid in continuing the outstanding service to world shipping that has always characterized operations of the Panama Canal.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to any questions you may have at this time.

Mr. METCALFE. Thank you very much, Governor Parfitt, for the very informative and enlightening and very candid statement you made to us. It has been reassuring, I can tell you that.

There are just a few questions on which I would like some clarification.

I understand the Canal Company has established a complaint office within the last year for Panamanian employees of the Canal Organization to seek redress for their grievances. How does this affect your operation? How is it moving?

Governor PARFITT. There is no difference between those employees and our American employees, sir. All the employees are alike in terms of addressing their grievances. I see no change other than the fact that some of the EEO complaints I alluded to in my statement have the possibility of snowballing because of the fact of the distinction between U.S. and non-U.S. Every issue, almost every personnel issue, which involves a Panamanian and U.S. respectively, now, could be deemed as an EEO complaint. This is of concern to us.

Mr. METCALFE. Since there is a lot of tension, more so than we would normally have, if we were not in the process of negotiating for a new treaty, by the mere fact that you have established a complaint office, do you find a lessening of that tension, the apprehension, the lack of knowledge?

Governor PARFITT. Well, anything we can do to provide further information is most helpful. I believe the worst situation is a lack of information. It is that fact that has caused most of the stresses and strains, the fact that people have not been informed to the extent they would like to be informed.

The more we can do to advise them as to the internal policies, changes, and rationale therefore and what's going on in the treaty negotiations, the better off we are all going to be.

Mr. METCALFE. The Panama Canal Company has done an outstanding job. What about the Panama Government? They have also set up a complaint office, have they not, and, if so, would you comment on that?

Governor PARFITT. I understand they have set up a complaint office and I have some concern to the extent—with regard to the extent to which Panama may attempt to become involved either in the operation of the Canal itself or in the personnel policies and practices of the Company/Government.

We have invited, in several instances, individuals of the Panamanian Government to come into the Company organization and see what we are doing in terms of treatment of our employees. They have refused to do so on the basis that they do not recognize us as a valid governmental entity. Therefore, they continue to sit on the sidelines and to criticize the equality of treatment within the Company/Government, and I feel that continuation of that policy

would be counterproductive to the relations between the Panama Government and the United States Government.

Mr. METCALFE. Yes, especially in the light of the present ongoing treaty negotiations. That is in my judgment in tune with the present attitude and news that is emanating from Panama which show not a cooperative spirit but one rather of suspicion and I might even add antagonism.

Did I understand from the reading of part of your text, that there has been an increase in the number of accidents in the Canal this year?

Governor PARFITT. We have had a period of 2 months where we had an inordinate number of accidents, October and December of 1976 in this fiscal year. So they distort the average in the statistical analysis we follow. We think that is an aberration and is a very small statistical trend. We don't believe this establishes a pattern. As I pointed out, quite to the contrary in the first 3 months of this calendar year we have had an improvement in the statistics.

Mr. METCALFE. What would you say was the cause of these accidents? Is it because there have been maximum changes in personnel? Do you have the necessary technical people to prevent these accidents or could they have been prevented?

Governor PARFITT. I hope they could. I think the very nature of the operation of the Canal, the facility that it is, means we are always going to have a certain number of accidents. Certainly we are trying constantly to keep them to a minimum. With the increase in the size of the ships, the constraints of the locks themselves, the wind conditions, the weather conditions, we are always going to have a certain number of accidents in the waterway and I don't believe that the statistics we discussed portend a worsening situation. I think we are going to be able to keep it within the bounds of historical experience.

Mr. METCALFE. Governor, when are you going to implement the zero-base budgeting concept into the Canal organization?

Governor PARFITT. Prior to the receipt of the presidential guidance on zero-base budgeting—this goes back now about a year—we on our own initiative launched a trial, in effect, on zero-base budgeting.

We took an element of the Company and we took an element of the Canal Zone Government. It happened to be the Schools Division in the Canal Zone Government and the Communications Branch in the Company and we have gone through a rather arduous, detailed, exhaustive zero-base budgeting technique. In the process thereof we have learned a lot, and we believe we will be able to translate that experience to fulfill the requirements of the presidential directives on zero-base budgeting across the entire spectrum of the Company/Government. We think it will be helpful.

Mr. METCALFE. You do offer certain priority for certain ships which transit the Canal. As I remember, I think one priority was for those that carried ammunition. Recently there was a question about a vessel that was transporting perishable goods and it has come to my attention and I am informed that priority was not given to this vessel.

Will you address yourself to that question, please?

Governor PARFITT. With the exception of passenger ships, we do not give priority to anyone on transit of the waterway. The transit is based on first-come/first-served within specific rules of the road. I mean there are certain ships that cannot go through the Canal except in daylight under clear cut conditions; that is, able to transit gaillard cut without meeting another ship. Obviously if those conditions cannot be obtained when the ship's turn comes, it has to wait until they can be obtained.

Basically we treat all comers on a like basis. We do not make exceptions, with that one exception which I mentioned, which is the passenger ship on a limited schedule. We do make a special arrangement for all passenger ships, without regard to nationality or registry.

Mr. METCALFE. In the last few months the Canal Company concluded an agreement with Panama concerning the export of sugar from Canal Zone piers. What is the general outline of that agreement? How is it working?

Governor PARFITT. Sir, we did not consummate an agreement. Panama approached us with the proposition of providing certain services across our piers for both molasses and sugar and we responded to them and told them what we could do and how to accomplish it, what the charge for services would be. Panama did not choose to accept or even to respond formally to our initiative. We understand that they are going to export their sugar through one of their own ports. Nothing has developed on this proposal.

Mr. METCALFE. Now, in your presentation I don't know whether you specifically addressed yourself to the question of what the Panama Canal Company is doing to foster good relations with Panama. I know it is an ongoing program, but would you expound on that for us, please?

Governor PARFITT. Well, I think basically there are no new initiatives at the present time. We continuously establish good rapport with the Panamanian public by things we do for them through private organizations, through liaisons which we have at the lower levels of the Company and the Government.

For example, we have technical groups that get together and cooperate on interchange of electric power, on technical problems we may have in the provision of water and so forth. At the working level we extend ourselves to accommodate the needs of Panama and likewise normally they to us. Unfortunately, that same level of relationship does not exist at the top levels because of the Panamanian insistence that there is no legal governmental structure here.

Mr. METCALFE. You may be able to answer this next question rather succinctly. What has been the result of the Company's study of docks and piers as was carried out this last year?

Governor PARFITT. We made an analysis of whether or not in fact at this time it would be prudent to go to a port authority concept of the way in which we handle our docks. In light of the treaty negotiations and all of the other changes that are being effected in the Company/Government, after receiving that study I decided to shelve the study and put it aside and say it would provide some good information and background and we would again address it

when we know a little more about what's going to happen in light of a treaty. To answer your question, the study has been completed, set aside as good information and a good basis upon which to adjust and adapt to whatever evolves in the treaty.

Mr. METCALFE. I have received a number of letters and complaints which are addressed to me as Chairman of the subcommittee regarding racial discrimination in the Canal Zone. Would you please respond as to what the nature of this is? I know that we have had conversations socially and informally in regards to some of these complaints. A most recent letter I received, for example, was from a gentleman who was a constant complainer of violations of his rights, and he thought that he was being wronged in a particular situation. Would you please indicate to us the nature of the discrimination? I want to make it crystal clear that we think you are doing everything possible to eliminate discriminatory practices and we want to applaud you at this point for taking steps that I recommended to you some 3 or 4 years ago in which I proved to be right in regards to desegregation of the schools, and the removing of the citizenship restrictions in housing. I want to get into that later on during these hearings, but would you like to further state your position?

Governor PARFITT. Well, let me say I believe the charge of racial discrimination is grossly and inaccurately distorted. Certainly there is no policy—there is every attempt on our part to remove any vestige of discrimination in the Canal Zone. We do not think they exist. Having said that, it is unfortunate that Panama has in the world forums and in the press continued to charge the Canal Zone with practices akin to apartheid without being specific.

It is my feeling that they are distorting the term "discrimination" and in the minds of the recipient of that information to infer a color discrimination when in fact in many cases the discrimination that is discussed, rightly or wrongly, is differences of treatment of Panamanian citizens and U.S. citizens, many of which are based on law. The tax factor, for example. There is a difference in pay based on tax factors by law. So is the Tropical differential. There is the fact that we do not house all Panamanians as we house Americans. So they translate these distinctions and differences which exist on the basis of citizenship into one of racism and I don't think it is proper. I think it is very upsetting to the good relationship to have this continue.

Now, we do have from time to time charges, as any organization does, of a pure, pure case of racial discrimination, and we address them positively and directly. We take the proper action if it is determined to be such. Basically, I do not think we are guilty of the charge of racial discrimination.

Mr. METCALFE. Briefly, I just want to ask this question for purposes of an evaluation. There was a drinking problem among teenagers and Congress passed some legislation which would correct that. Has there been any evidence that there has been any diminution of drinking among the teenagers? Has the law been effective? Is it being implemented?

Governor PARFITT. I am not sure if I can answer that accurately. We have made some other changes in the facilities that are avail-

able to the teenager which have removed some of the ready availability and this has had an effect. From my own personal observation, there has been a diminution in the alcohol problem. But whether to relate that to a change in the law, I am not sure. But, nonetheless, there seems to be a diminution both in the drugs and in alcoholism from what I can see. That does not mean we do not have a problem. We continue to have a problem but it is not to the extent that it has been in the recent past.

Mr. METCALFE. I have other questions, but I see the time is fast fleeting and I certainly want to give the gentleman from New York an opportunity to ask some questions.

Mr. ZEFERETTI. Thank you, Mr. Chairman.

Governor, I think we are all concerned about the morale of the U.S. citizens working here and the increase in resignations. What is the actual tenure? What is the average length of service for U.S. citizen employees?

Governor PARFITT. I am not sure about the average, but basically most employees come to the Canal to spend an entire career, and leave normally when they are 62 years old, which is a mandatory time of retirement if they have 15 years' service in the Tropics. Normally people who come to work in the Panama Canal, in the enterprise, come with a life commitment, so they are normally lifelong employees. I think this translates into the effectiveness of the organization, the fact that they are long term and therefore very skilled in their work.

Mr. ZEFERETTI. What you are finding today then is that the people who are coming, either spend a short period of time and then leave, or leave after a long period of time because of the negotiations?

Governor PARFITT. There are two categories. One is that of the individuals who have accumulated enough time to voluntarily retire, who can be voluntarily retired before they are 62, if they are 55 and have 30 years' service. There are more of those who seem to be willing to move out rather than wait out the 62 years.

But, more importantly, in my judgment, has been the number of individuals who early on in their career look at the situation and opt to leave, to go elsewhere, based on what they see unfolding in the future.

Now, the numbers, yes, are not alarming.

The fact is, that in a stable organization the numbers have always been low and even the numbers today are relatively low, but the trend, the percentage increase cannot help but be of concern. We are worried that this is going to be snowballing. We haven't got to a critical stage yet, but we want to address that so that it will not get to a critical situation. It is not today.

Mr. ZEFERETTI. When these people arrive, Governor, are they people that have already been trained in the States and who have come here as professionals?

Governor PARFITT. The answer is yes, sir.

Take the example of the pilots, although they are trained professionals, they are not trained pilots, and we have a long training period to adapt their experience and expertise in the general field of navigation to the specifics of the Canal enterprise. That generally pertains to most of our skills. To translate their

professional background and knowledge to the actual situation on the ground. That does not pertain to the medical profession or anything like that.

But to the electricians and machinists and pilots and tugboats, the thing there is the specialized knowledge that they have as a base for the circumstances here on the ground.

Mr. ZEFERETTI. Is there anything similar in operations for the Panamanian people—teaching them the same techniques, the same kind of professionalism here in the Canal Zone?

Governor PARFITT. We have an apprenticeship program that deals with many of the technical areas, such as the machinists and electricians. It is a 4-year program where we bring in raw recruits as it were, with base qualifications and teaches them these trades and train them. That is providing a greater degree of input into our technical field.

We do not have a similar situation in the pilot and tugboat master force, which is of some concern to us. We have to look at the world pool of people who are at sea to provide the source of input to our training.

Mr. ZEFERETTI. The reason I ask that question is that when you talk about the treaty that is apparently being structured it indicates a complete pull-out at the end of a period of time. I am thinking if there is no mechanism in place right now, how do they make it happen themselves? Of course, if over this long period of time the technicalities of the professions are not taught here, I think it is a real problem that one should consider.

Governor PARFITT. This is true. I would think that the programs we now have unfolding, which would take care of many of the skills, the engineers, the technicians, the electricians, the machinists and so forth, would not be adequate to bridge the gap that we referred to in the fields of the tugboat operators and pilots. Some other avenue will have to be found to provide the Panamanian input for those areas, or they will have to provide or hire third-country skills at the time they take over the operation.

Mr. ZEFERETTI. Staying on the subject of the employees for another moment or two, the conditions that you are aware of that have taken place already, in the negotiations; has that been transmitted to the employees? Have they been notified of the written conditions? Are they informed as to whether or not the Panamanian Government is in agreement with the conditions?

Governor PARFITT. Well, first, until the 15 Assurances I referred to, until that time, the negotiations have been conducted in more or less of a security mode. So the information available to the employee has been limited, particularly as it related to their perspectives on employment conditions and so forth.

Until assurances were given to them, the employees felt they were inadequately and only generally informed, which was a general statement of fact.

Upon that announcement of assurances, they were announced as being the position of the U.S. negotiators; they had not been negotiated with Panama although I am sure they had been discussed. Panama has chosen through the press and official announcements to disassociate themselves from those assurances and

has made some extreme statements about their acceptability and so forth. So I would say at the moment Panama is on record as having some objection to those conditions. Our employees viewed this as meaning there is a long way to go.

Mr. ZEFERETTI. What about the guy who feels such a case exists against him, wants to pick up and go?

Governor PARFITT. Nevertheless, as I see it, good or bad, the restrictions that we have laid on them that are important to our employees, leaves the individual with a situation wherein he wishes that he had before him more facts so he could make a valid judgment as to what was in his best interest. So I thought it was in such interest to have the information good or bad, as sketchy as it might be, and also in the interests of the organization because I felt that once he knew in detail he could more appropriately deal with it. The worst thing for him would be to deal with innuendoes, suspicion and naked rumor, and this is what employees do until they pick up a conclusion which is the worst conclusion they could draw.

I think it is helpful to extend ourselves to get on the table as much information as possible and I am very pleased to see this breakthrough.

Mr. ZEFERETTI. Governor, you use the word "security" down here quite a bit. Who comprises the security force and what is it?

Governor PARFITT. The word "security," unfortunately, is used in many contexts. I think if you were to ask us what is included in our security force in the Canal Zone we would respond and say it is our police force, uniformed officers that enforce the law, and we have a protection division which is a security force that provides, like private policemen would, a security guard on special facilities like our locks and so forth, and we have in effect two security forces. But I feel that perhaps you may be alluding to another statement we made which relates to security positions, which is a term of the treaty of 1955 where I indicated that it exclude from the equal employment opportunity provisions of the treaty those positions that are set aside for American citizens on the basis of security. The implementing law established the fact that the entity, the organization, could establish three types of positions, three types of security positions. One was security of property, one was security of information, classified information, and the other was a category so-called continuity of operations, a group of people you needed to insure under unusual conditions a continuity of operation.

Responding to that general language of the law, the entity established—these are rough numbers of figures—approximately 2250 positions they set aside and said, "These must be occupied by U.S. citizens," and covered the whole spectrum of the organization, people such as policemen, the protection division, some in the locks, and throughout the entire organization.

Over the years Panama has looked upon this as being discriminatory and blocking their progression, the upper mobility of the Panamanians. So, over the years management has responded to that criticism by reducing, ever reducing and whittling away the numbers, and when I arrived here 2 years ago the number had been reduced from 2250 to roughly 1,080. There were still complaints and criticisms and so we took another—

Mr. ZEFERETTI. Was that an arbitrary or a self-regulating, decision to reduce that number on your own?

Governor PARFITT. It is within the prerogative of management to determine here. No numbers were ever established. Only the concepts and the definition. The numbers were left to the discretion of management. As I say, we have now reduced the number from in the thousands to about 580, and I am convinced that until all of those are removed, Panama will charge that we are discriminating to a certain degree because we are blocking certain positions.

I think we have responded to their main criticism because we have opened up avenues of progression at least, so that there are not blocks. People can aspire to higher positions and do not have a layer of positions that blocks their upward mobility.

That is one of the things we have been trying to do in revising these criteria for establishing security positions.

Mr. ZEFERETTI. Mr. Chairman, I hope you can tolerate and put up with my taking up so much time because it is all new to me. I'd like to ask a couple more questions if I may. You make a statement on page two, that the press releases in Panamanian newspapers present as fact their versions of the contents of treaty talks and attack the Canal Zone and Canal employees. Would you comment on that?

Governor PARFITT. Well, yes, they are in periods, this goes in assigned periods when we have ups and downs. We seem to have periods when we have a good relationship and we are getting along well and there are periods when the Panamanian press chooses to launch out—I will give you one example: During the January 9, 1977 riots they vilified the United States in general and Canal Zone employees specifically and dredged up all of the complaints from the 1964 riots and then charged periodically that Canal Zone employees with inciting anti-governmental activity in Panama, housing and protecting dissidents of Panama, providing them a base to launch anti-government attacks, unfounded in many cases, in all cases that I know of, charges against the employee, and the Canal Zone in general and sometimes the U.S. in general. So there is a constant beat down here. You live in a kind of a fishbowl with a drum beat.

Mr. ZEFERETTI. Let me ask you a hard question: Are they anti-U.S.?

Governor PARFITT. I do not think the Panamanian people as a group are anti-U.S. at all.

Mr. ZEFERETTI. Is the press?

Governor PARFITT. In the press, in the main I would say yes. They express it as anti-Canal Zone more than as anti-U.S. It is the thesis built upon the proposition of the government that there is no governmental structure in the Canal Zone, and there is no Canal Zone per se, that this is Panamanian territory and it builds on that, so there is a constant attack against the legitimacy of—in the first instance the Canal Zone, and then against every rule or regulation or law in the Canal Zone which is inconsistent with Panamanian law or rule or regulations. It provides a constant forum of attack, and in many cases they unfortunately transcend generalities and pick individuals, which exacerbates the situation that much more.

Mr. ZEFERETTI. Have there been many occurrences of violence against U.S. citizens or anything like that?

Governor PARFITT. No. It has not translated itself into a great number of cases of violence. We have instances, but as a matter of fact, violence on the scene throughout Panama and here is rather infrequent.

Mr. ZEFERETTI. One last issue. There has been quite a bit of testimony in the area of human rights and human rights violations, so to speak. Would you like to comment on that just a little bit? There has been some heavy testimony, by one individual.

Governor PARFITT. Well, this gets into an area where I cannot speak with any degree of knowledge or accuracy. I would think the State Department can more adequately and accurately respond to the questions of human rights treatment in Panama. I know there are many charges that they do not provide protections on human rights. I know it concerns our employees from the standpoint that if jurisdiction were transferred that that same lack of human rights would translate from Panama into the Canal Zone and this is the source of many comments and concerns. But the validity and accuracy of them I cannot, from personal knowledge, say.

Mr. ZEFERETTI. Governor, thank you very, very much. You have been very, very informative to me.

Thank you, Mr. Chairman.

Mr. METCALFE. The gentleman from Indiana, Mr. Hillis.

Mr. HILLIS. Thank you, Mr. Chairman. I have a couple of questions.

I would like to ask the Governor, apart from your dual role as Governor of the Zone and President of the Panama Canal Company, I'd like your personal views as a general officer of the Army as to the present and continuing value of the Canal to our defenses and the current role and strategic position we find ourselves in—and, with the growing power of the Russian Navy, do you rate the Canal as important today as it was in World War II, or less important, or more important from a strategic point of view?

Governor PARFITT. I do not believe that I am really qualified to make a firm judgment in that area. It seems to me that the Joint Chiefs of Staff should expound on that. The question gets down to, in my mind, the question of whether it is vital or whether it is important and if it is important, how important, and these are shades of differences. I have kept myself abreast of military thinking in this matter and there is quite a diversity of thought. There are some knowledgeable people in the military who feel that this Panama Canal still serves a vital need. I think the official position—I don't want to speak for them, or the JCS—is that it has receded in value. It is still very important, but it is no longer a vital link.

Certainly I would say from my knowledge here, I think that one aspect that I can respond to and that is the charge that the Canal, because of its constrictions, does not provide a ready means of access to the Pacific. I think it is often overstated. The last statistics I have seen on this is that the Navy consists of about 670, no 640 ships—of which I believe 13 cannot go through the Panama Canal.

Mr. HILLIS. You are addressing the issue of obsolescence of the Canal?

Governor PARFITT. No, I am addressing whether or not it is a valid statement that you can transfer assets, Navy assets and so forth from one ocean to the other readily through the Panama Canal, and there has been a statement often times made that the ability to do so has been reduced over time because of the bigger ships. I am saying that although that is generally true in the world fleet, as it relates to the Navy, there are only 13 ships and that includes carrier ships that cannot use the Panama Canal so it is a small number. The same thing is true with the world fleet. About 92 percent of all the ships at sea can go through the Panama Canal. So it is sometimes overstated that today the Panama Canal is a great restriction. Certainly it is a restriction, but it is not a great restriction.

Mr. HILLIS. We in the Midwest, and particularly the people in the East, are most concerned about having the availability of the Alaskan fuel when the pipeline opens this year, and I was very intrigued with your statement and testimony about the part the Canal could play in that. It is a fact, a supertanker cannot negotiate the Canal?

Governor PARFITT. That is correct.

Mr. HILLIS. Would you envision off-loading on the Pacific side into smaller ships?

Governor PARFITT. We have talked to some of the oil companies and they contemplate having a large supertanker anchored offshore and it would be a floating storage and you would have smaller tankers from Alaska to this floating tanker off the coast and then you would have these maybe 60,000, 50,000-tonners which can get through the Canal loading from that tanker that is anchored off there and going through the Canal back and forth providing a supply line from that storage point.

Mr. HILLIS. Into New Orleans?

Governor PARFITT. Into New Orleans and other ports on the East Coast. As I say, the figure given to us is about 70,000 tons daily when it reaches its maximum; we probably will begin to receive that—if we receive it, it has not had a decision yet—we would probably receive it late this year, late this calendar year.

Mr. HILLIS. This can also have strategic value as far as the defense of our country is concerned?

Governor PARFITT. That is correct.

Mr. HILLIS. And the Canal would be very important from that standpoint to us?

Governor PARFITT. Yes, I think so. Now there are other alternatives to moving that oil. These get hung up on environmental issues and so forth and there are many discussions going on about alternatives which may later come on stream. In fact, we are not looking at this as a long-term proposition because indications to us are that some other alternatives will be developed over time. Maybe in 3 years or so some pipeline system or something would be ultimately the answer rather than bringing it down through the Panama Canal for a long duration. So we are looking at it as short-term—

Mr. HILLIS. At least in the Midwest they are generally talking about a trans-Canada pipeline within 5 to 10 years. Plus you have the problems with the pipeline crossing another country.

Governor PARFITT. That is right. As I understand it, they are also talking about a pipeline that partially exists from Long Beach over to the middle of Texas and augmenting or expanding that. There are serious environmental issues that become involved in this sort of activity, and we think that certainly we cannot resolve those issues to provide the flow of oil and the only alternative to get it to the United States in our judgment that exists today is the Panama Canal.

Now, the other alternative that has been discussed—and there are political problems and other problems in this, is to transfer assets. In other words, the assets from Alaska could go to perhaps say, for example, Japan, and their assets from the Middle East would come to us and there is a tradeoff, but our indications are that there are so many problems inherent in these other solutions that—the likelihood of our receiving the quantities I indicated are quite good. We hope it is true because it means significant inflow of revenues to us and with our high fixed costs revenues of that magnitude translate very quickly into net profits.

Mr. ZEFERETTI. Mr. Chairman, will the gentleman yield for a minute. We have a cargo preference bill that is pending before our committee which would increase the imported oil cargo to the U.S. How would that affect, do you think, the Canal Zone, if in fact that became law? We are talking about 20 or 30 percent of our ships carrying imported oil. Presently we are carrying only 4 percent.

Governor PARFITT. You refer to the fact that a mandate that U.S. bottoms must carry——

Mr. ZEFERETTI. Must carry.

Governor PARFITT. My information is that the capacity exists in the U.S. fleet to accommodate this concept that they are talking about and that the law would, in any event, require that it be done in U.S. bottoms.

Mr. ZEFERETTI. I was wondering about what kind of effect it would have on the Canal itself. I guess it would increase your—no, I guess maybe not.

Governor PARFITT. Not necessarily so. It would not necessarily affect us, a fact that a lot of people do not understand is that our largest commodity going through the Panama Canal is petroleum and petroleum products, even today.

Mr. METCALFE. Thank you very much, Governor.

Because of the time constraint, we will not be able to have questions of the staff as well as from Mr. Tannenbaum.

I now ask unanimous consent that we be permitted to submit to you questions to which you may respond for purposes of the record.

If there is no objection, that will be the order and I regret because of the fact that we are on a very tight time schedule the staff will not have an opportunity to raise questions at this particular time.

I want to thank everyone for coming out and we will suspend the testimony in lieu of the further questions that Members may propound to you.

Thank you very kindly.

[Whereupon, at 10 a.m., the Subcommittee recessed.]

[After a recess, the Subcommittee reconvened at 10:15 a.m. in the Panama Canal Training Center, Balboa, Canal Zone, the Honorable Ralph H. Metcalfe (chairman of the subcommittee) presiding.]

Mr. METCALFE. The hearing will be in order.

We have the Latin American Civic Councils to lead off the civic testimony this morning.

STATEMENT OF HON. RALPH H. METCALFE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. METCALFE. In the past the U.S. Civic Councils have testified first. Today we sort of reversed the procedure. We have asked the Latin American Civic Councils to lead off the testimony.

Distinguished members of the Civic Councils, ladies and gentlemen. The Panama Canal Subcommittee is here today to listen to your concerns, your ideas and your petitions. Since we last heard from you, many of you have written to the Subcommittee or have been otherwise in touch with us. Of course, Governor Parfitt has explained to the Subcommittee many of the problems and sentiments that you have so at least I am somewhat familiar with these problems.

Nevertheless, we felt it necessary to receive testimony directly from you. After your testimony, we hope to take positive and constructive action to do what we can to alleviate some of the difficulties you face. Of course, we recognize that we can only do so much.

I am very happy that we have two distinguished Members of Congress with us today to listen to your concerns. Congressman Leo Zeferetti of New York at my immediate right is a member of the Panama Canal Subcommittee and a representative of a congressional district in New York which is very much concerned with maritime commerce.

Congressman Elwood 'Bud' Hillis deals with the Canal from the perspective of the important Armed Services Committee. I would like to give each of these gentlemen an opportunity to say a few words.

Prior to doing so, let me identify the other people seated at the table. To my immediate left is Mr. Terry Modglin, Staff Director of the Subcommittee, of the Majority, and to Mr. Hillis' immediate right is Mr. Nick Nonnenmacher, who is the Minority Staff Director and we have Mr. Bernard Tannenbaum, who is a person whose aid we have recently sought in helping us in the period of negotiations.

To his right is Mrs. Carolyn Robinson, who is a member of the staff, and to her right is Mr. Coleman Conroy, who is my Legislative Assistant, and I might add a few extra things besides that, including being very active in having frequent conferences with Mr. Modglin and myself. I am very happy and pleased that he could come down and participate in these hearings, get a bird's eye view of what we are planning to do and what we have done.

So, may I now open the floor to Mr. Zeferetti, the gentleman from New York, for any opening statement that he may wish to make at this time.

Mr. ZEFERETTI. Thank you, Mr. Chairman. I just welcome the opportunity, as a new member of the committee, to hear the testimony and welcome the opportunity to visit Panama and to personally view what is going on. Hopefully we can, through your testimony and through the testimony of others, get a real feeling as to the negotiations that are going on and the needs of the Panamanian people, and U.S. citizens. I want to thank you for coming today.

Thank you, Mr. Chairman.

Mr. METCALFE. Mr. Hillis.

Mr. HILLIS. Thank you, Mr. Chairman, may I also say how happy I am to have an opportunity to be here. It is also my first visit. I am learning a great deal and I look forward to hearing your testimony. I am sure it will inform.

Mr. METCALFE. I think it is proper now that Mr. Eugene Johnson, who is President of the Congress of Latin American Civic Councils, simply identify himself and then we will go to your right or to your left.

STATEMENT OF EUGENE A. JOHNSON, PRESIDENT, CONGRESS OF LATIN AMERICAN CIVIC COUNCILS

Mr. JOHNSON. Thank you very much, Mr. Chairman.

I am, of course, first of all, Eugene A. Johnson, President of the Congress of Latin American Civic Councils.

I am also President of the Pedro Miguel Civic Council.

Chairman Ralph H. Metcalfe and members, Panama Canal Subcommittee, the Committee on Merchant Marine and Fisheries. I would like to extend the appreciation of the Congress of Latin American Civic Councils to again be able to testify on matters concerning our Latin American communities. Accompanying me this morning are the following gentlemen: Samuel Blenman, President, Paraiso Civic Council; Clarence Gordon, President, Santa Cruz Civic Council; and Phillip Henry, President, Rainbow City Civic Council. I, besides being President of the Congress, of Latin American Civic Councils, am also President of the Pedro Miguel Civic Council.

We would like also to commend you, Mr. Chairman, for the unique and positive manner in which you perform your duties as Chairman of this distinguished Subcommittee. Your unbiased interest and straightforwardness make us all aware that you not only have great concern and interest in our problems, but that you likewise make all effort to relieve the many tense situations here in the Canal Zone.

Mr. Chairman, we must express our appreciation to the United States Government for providing us with an insight into its position as it affects Canal employees in the treaty negotiations. We refer directly to the "Assurances for Present Employees of the Panama Canal Company/Canal Zone Government Under a New Panama Canal Treaty." This is the first time that we have had any concrete statement as to the direction of the negotiations.

We would like to take this opportunity to address ourselves to the assurances as derived from the United States' position on treaty

negotiations. Even though we realize that changes are inevitable, the assurances project a dismal future, particularly for the non-U.S. employees of the Panama Canal Company/Canal Zone Government. Further, there are areas which are nebulous and in direct conflict with our status as non-U.S. residents which have added to our apprehensions and seem to threaten our very existence.

We are perturbed by the thrust of the "assurances"; however, we will only discuss those points which we consider most bothersome:

a. We fear the loss of medical care to non-U.S. employees who opt for Civil Service retirement, inasmuch as assurances have been given only to U.S. citizen employees and their dependents for medical attention under a new Canal Administration.

b. Another area of deep concern is that of the future of non-U.S. students who will be in the Canal Zone school system when a treaty goes into effect. Again assurances on this issue were given only to U.S. citizen employees.

c. Still another area of preoccupation is that relative to the application of Panama labor laws under any new treaty. The implication is that there would be a dual treatment for employees according to nationality since the Panamanian labor laws will apply to non-U.S. citizens whenever possible.

In addition, no definitive assurances have been given to non-U.S. employees who may be displaced by land turnover or termination of Panama Canal activities, specifically schools, housing and medical care, and, an additional note, police and firefighting services and postal operations.

Hundreds of families will be forced to relocate and readjust under conditions that may prove adverse.

It is our opinion that our precarious plight could be remedied should the United States Government view all employees of the Panama Canal Company/Canal Zone Government, not as nationals of any particular country, but as federal employees.

A further observation is that any treaty concluded under the present guidelines will displace a significant number of employees of the Panama Canal Company/Canal Zone Government, with very little prospect, locally, for either comparable gainful reemployment or employment at all. There is considerable apprehension among the non-U.S. citizen workers of the Panama Canal Company/Canal Zone Government concerning their future livelihood and their ability to maintain the present standard of living which we have strived so hard to achieve under the most trying circumstances over the years.

We continue to urge that, through your good offices, revisions in the immigration laws be instituted to ease access to the United States for non-U.S. employees and their dependents, and/or that some other avenue through which these employees who have dedicated their lives to the operation of the Panama Canal, be relieved of their anxieties for the well-being of their families and themselves.

Sirs, we have addressed ourselves mainly to the 15 assurances presented to the Canal Zone community by Governor Parfitt. This we did in the interest of time; however, even though we are extremely preoccupied with all aspects of the treaty negotiations,

we are also very concerned with the present operations of the Panama Canal Company/Canal Zone Government insofar as they affect housing, schools, and upward mobility. These points we would appreciate discussing with you, either formally or informally, at some other time during your inspection visit.

Mr. Chairman, gentlemen, again I must express the gratitude of our Civic Councils for the opportunity given us to appear before this august body.

Mr. METCALFE. Thankyou very much, Mr. Johnson. We will not entertain any questions right now. I think it will be better if we move right on to hear from each one of the presidents who wish to make a statement and then we will start questioning.

STATEMENT OF SAMUEL H. BLENMAN, PRESIDENT, PARAISO CIVIC COUNCIL

Mr. BLENMAN. Thank you, Mr. Chairman. The Honorable Ralph H. Metcalfe, Chairman, Subcommittee on the Panama Canal, Committee on Merchant Marine and Fisheries, House of Representatives.

Dear Mr. Chairman: We sincerely appreciate the opportunity afforded us by your honorable Committee on so many occasions, to express our views on the very crucial issues which affect adversely the Latin American community.

A very striking contrast to previous years, we seem to see as a people, the democratic spirit more and more in evidence in the Panama Canal Zone, and we accordingly feel that it should be less difficult for us now to be accorded some appreciable recognition as employees of the United States Government.

We have studied with much interest and dismay the list of assurances presented some time ago by Governor Parfitt to labor, and civic council representatives. The difficulty with this list is that it does not offer any meaningful protection to the non-U.S. citizen employee, who may become displaced as a consequence of a treaty between the United States and the Republic of Panama. However, it refers at length to the benefits that U.S. citizen employees must continue to enjoy in the post treaty era, to the exclusion of their Panamanian counterpart. For instance, schooling, medical care, adequate housing, duty-free import, and even the use of military service facilities.

We are happy to observe that the list of assurances is in accord with the United States Government's position, in any treaty with the Republic of Panama, and we are inclined to believe that it aims at alleviating current fears and suspicions among employees, and demonstrating to them the determination of the United States Government to protect employee rights and privileges.

We submit that it will be just and graceful to extend this protection to U.S. citizens and non-U.S. citizens alike.

In this regard, we suggest that certain exceptions contained in the list of assurances be removed, with a view towards improved protection for non-U.S. citizen employees. We firmly believe that the exceptional service rendered by our forefathers in the building of the canal, and the continued faithfulness of their offspring in the

service of that enterprise, are elements which should warrant us no lower status than that accorded citizens of the United States. Yours very truly, Samuel Blenham, Paraiso Civic Council.

Mr. METCALFE. Thank you very much, Mr. Blenman, for your very fine statement.

We will now move on to one of the other presidents of the Latin Civic Councils.

STATEMENT OF CLARENCE G. GORDON, PRESIDENT, SANTA CRUZ CIVIC COUNCIL, CANAL ZONE

Mr. GORDON. Thank you, Mr. Chairman. I am Clarence G. Gordon, President of Santa Cruz Civic Council.

Mr. Chairman, members of the Subcommittee, thank you for giving me this morning the opportunity to submit for the record an evaluation of the progress made since the Subcommittee on the Panama Canal last visited the Canal Zone to hold open hearings on the subjects of concerns of residents of the Canal Zone and employees of the Canal Zone Agencies.

Mr. Chairman, the Santa Cruz Civic Council wishes to express its appreciation to you, and members of the Subcommittee, and Canal Zone Governor, Harold R. Parfitt, for the significant changes made on the issues of schools, upward mobility, and housing.

Governor Parfitt's announcements on November 10, 1975, to consolidate the housing of the U.S. and Latin American communities, to merge the U.S. and Latin American schools, and to reduce the number of security positions in the Canal Organization, and the implementations of these announcements in March and April, 1976, are steps in the right directions.

Inasmuch as some officials may feel that some of the remaining problems that are still of deep concern to us, as Panamanians, are in house problems for the local Canal Zone Company/Government and Civic Councils to solve, I just want to say very briefly that on schools it is the Congress of Latin American Civic Council's desire that the merging of the Latin American High Schools will be completed by March of 1978 as the prolongation of the Latin American High Schools beyond March of 1978, with a diminishing pupil-teacher ratio, would only make it difficult to continue satisfactory programs, which will not offer our children quality education.

With respect to housing for Latin American employees, the new housing criteria implemented on April 7, 1976, and the Interim Amended Housing Regulations approved on December 22, 1976, will not permit a cross-section of Panamanian employees of all types of jobs to apply for quarters in the Canal Zone in the future. These new housing regulations will only continue to widen the scope of resentment from the Panamanian employees who work with loyalty and devotion to the Company/Government for an efficient operation of the Panama Canal for the benefit of world commerce irrespective of the uncertainties that are ahead for these workers.

It is our Civic Council's view that the new housing policy which permits a cross-section of U.S. citizen employees of all types of jobs, and a selected group of non-U.S. employees to apply for Canal Zone quarters, is an unfair treatment to other groups of non-U.S. employees, who are equally important to the maintenance and operation of the Panama Canal.

TREATY NEGOTIATIONS

As the United States Government and the Panama Government approach closer to resolving their differences on a new Panama Canal Treaty, it is the hope of all employees of the Canal Organization that all fringe benefits gained over the years will be protected and continue to be enjoyed by all workers in any new treaty.

The Santa Cruz Civic Council requests that this Subcommittee, the Company/Government, and others in authority to continue reviewing all programs implemented, so that both Panamanians and U.S. citizen employees will share equitably in the operation and maintenance of the Panama Canal.

Thank you.

Mr. METCALFE. Thank you very much, Mr. Gordon.

Mr. Henry, do you care to make a statement?

Are there any other presidents?

I am going to reverse the procedure and rather than me ask questions at this particular time, I am going to ask Mr. Zeferetti, a member of the Panama Canal Subcommittee, to lead off with questions, and then we will go from him to Mr. Hillis, from him to the staff people, and then, if time permits, to me because it is very important that we have complete dialogue. It is of equal importance that both of these new members who have not been to Panama previously, who have not had the warm experience that I have enjoyed both with the Latin Civic Council, as well as with the U.S. Council, that they have the benefit of a full dialogue with the members and therefore I am relinquishing for the moment my right to ask questions. Because of the time factor, I want to make certain they get to know you as well as I know both civic groups.

Mr. Zeferetti, the gentleman from New York.

Mr. ZEFERETTI. Thank you, Mr. Chairman, and thank you, gentlemen.

I think perhaps some of what you said conflicts with each other. In one respect Mr. Johnson and Mr. Blenman, you talked about the nonexistence or lack of concern for equal housing, schools and employment opportunities. Then at the same time, Mr. Gordon, you refer to the Governor's assurances which would allow for this type of change in the assurances. And, as a matter of fact that some of these already went into place. It has been going on as far as the schools are concerned and as far as housing is concerned.

I would like to clarify this please; the differences that we are talking about.

Mr. HENRY. I am Phillip Henry, Rainbow City Council. These gentlemen are talking about two different things. Mr. Blenman and Mr. Johnson talked about the effects of the treaty. Mr. Gordon was talking about the present operation of the Panama Canal Company as it is now. Mr. Gordon was referring to the present housing policy as it affects schools and upward mobility.

Mr. Blenman and Mr. Johnson are referring to the 15 points as it would affect these areas with the implementation of any treaty under the guidelines as we understand them.

Mr. ZEFERETTI. Well, what steps do you feel should be taken to go further beyond what the Governor has recommended at this particular time? In other words, you started with the first four grades in school and you are acting on some specific changes the Governor has outlined. Aside from the treaty where you feel there should be changes, where you feel it should be in the treaty negotiations that should be outlined to benefit your children and your housing problems.

Mr. JOHNSON. One of the areas that we believe from the Congress of Latin American Councils' point of view is that inasmuch as the Governor has opted for one of the plans, you see originally there were several plans which the Governor had used the prerogative of opting for, plans A and B and C, I think. One of these plans he opted for was to sort of gradually phase out the schools in years extended into 1980.

We are saying in the Congress that rather than extend this—because during that time probably we would have the signing of a treaty anyhow—rather than extend it to 1980—as Mr. Gordon's paper says—we are saying that it is open to us, grades 5 through 12 should be totally merged at this time—rather than to extend it over a period of time.

Mr. ZEFERETTI. Have you the capabilities to do that right now? Have the schools the capability to—

Mr. JOHNSON. From our point of view, yes.

Mr. ZEFERETTI. How about in your housing situation?

Mr. JOHNSON. Okay, in our housing situation, again the problem that exists now that we are seeing a new treaty we are saying that the position has been presented for a Grade 11, only a certain group of people can apply for housing in what is called the U.S. community. We have this distinction.

Mr. ZEFERETTI. Are we talking positions? What are we talking about as the guidelines for acceptance? Are we talking salaries?

Mr. JOHNSON. Salaries.

Mr. ZEFERETTI. Is it a question of paying the rent or is it a question of earning enough money to sustain, I guess?

Mr. JOHNSON. The fact that it is salaries means economics have a lot to do with taking care of the rent for these houses in the U.S. communities.

However, we have said over the years that regardless of a man's salary the option should be clear for all employees to be able to apply for housing in any community that he desires to live in, once he works for the company, and right now we have a cutoff and the people who make this type of salary, Grade 7 and above, are a minimum—something like a hundred, 125 employees now in the Canal Zone, and because of a reduced number we exclude who could opt to apply for housing in the U.S. communities. But, because of the salary cutoff, they do not have the opportunity.

Mr. ZEFERETTI. Mr. Henry, is it true that, under the existing law there is a separation of salaries with regard to all the United States citizens who work in the Canal Zone are given certain incentives to be part of the system here versus the salaries of the Panamanian people. So under the existing law isn't there that kind of differential any way? Are you saying that everybody should be the same?

Mr. JOHNSON. Basically.

Mr. ZEFERETTI. I think the problem—

Mr. METCALFE. Will the gentleman yield to me?

Do I understand you, Mr. Johnson, in addressing yourself to the question of the transition in education, that you would want consolidation to be all in one rather than two phases? Instead of going to Phase 1, Phase 2 and ultimately for '78 in Phase 3 before we get to the twelfth grade you want consolidation in one move? Is that what you are asking for, that it be done at one fell swoop?

Mr. JOHNSON. Yes.

Mr. HENRY. May I make some comment? Presently we will be in the second phase, where in September we will have grades 5 through 8 going over. We only exist in the Latin American schools now grades 9 through 12. And I think this was the area that Mr. Gordon was addressing. Grades 9 through 12 will stretch out until 1980 which would, as we see it, present a problem as far as programs and tracks are concerned. We do want one-shot phase in.

Mr. METCALFE. And in regards to the question of housing, you are also advocating that that consolidation be speeded up and that it not be phased in accordance with the present program as Governor Parfitt has outlined to us and which the Company has adopted as a modus operandi?

Mr. HENRY. Right now the present policy establishes a cutoff at NM-7 for acquisition of housing in the U.S. communities. Basically this is near to out. The Congress' position is that we should set at an NM-4 level which would make housing in the U.S. communities accessible to more non-U.S. citizens inasmuch as there is a limited number of non-U.S. citizens in the Canal Zone community at the NM-7 level.

Mr. ZEFERETTI. It's at that grade level, right?

Mr. METCALFE. Mr. Gordon, if you will further yield—

Mr. GORDON. One big problem is right now in the U.S. community we have houses that should not be in the category for NM-7 employees and above because for those quarters, the rent is not as high as some of the rents in Pedro Miguel and Santa Cruz quarters. Now we see no reason why that some of these quarters should come under the cutoff of the NM-7 employee. We have wooden structure houses in the U.S. communities where the rent is as low as \$16 per every two weeks, and we couldn't see any reason why Panamanian employees should be exempted from these quarters.

Mr. METCALFE. I am not taking any position in regard to the statements that you have made. I would like to say that three years ago I made the public statement that there was need to integrate housing, to integrate education, to remove the security provisions at that particular time.

I also said that the Canal Zone was trailing way behind the southern part of the United States in terms of an amalgamation of the people, their rights, and their duties and their freedom as well as their ability to get quality education, jobs and housing.

The changes that were needed are being phased in in most communities.

I would like for you to elaborate a little bit more, Mr. Gordon, because what you are asking for is certainly very important and I

want to make certain that I hear more of your argument to substantiate your contentions. I am not evaluating them, but I just think for the record we need to have more argument to see if there is and can we in effect have it. This is something that probably has gone on, and will continue to go on, between the Civics Councils as well as the Governor and his commission and his staff. I think this is an opportune time to elaborate on it.

Mr. ZEFERETTI. I also feel if you have a phase-in progression in place; it works and is active, there is no harm in looking for the optimum wherever you want the best, but if it is working and you have it set in place where it can be effective, then I think it is something we have to look at real hard to see whether or not it is working and if it is, to keep it in place. If it can be improved on, that is something else too. But you know we all want to say "Give us everything now, everything," but sometimes it is just not possible that way because of mechanics.

Mr. JOHNSON. I would like to bring to the gentleman from New York's attention that we are not in direct contrast to what you are saying. We are not saying we want it right now because we are talking about 50 years. We have been saying this to the Subcommittee long before the gentleman Chairman has been Chairman. Way back we said this to the members in the first recorded minutes. This was taken at a time I was just a member, a floor member of this group. And these positions have been time and time and we have repeated them so often that the record is broken. So what we are saying now is not that we are asking for those things you indicate now. We have been asking for a long time. We have been saying that we think it's unfair to exclude a greater number of employees who should have access to housing, and to schools, because by using this standard which is way out of proportion we say in effect we have only a minute amount of noncitizens who can apply for housing. By the same token, because these people can apply for housing that means that we have only so many Panamanians who can now, so, their children can be provided quality education in our schools. What we are saying is that were this level to be dropped, then the number of Panamanians will be greater, so we can see a better balance. We are looking for that balance. Also, if we do these things when a treaty is signed, we would have included more people, we would have balanced the scale greater than we are right now. Where if a treaty is signed right now, in the near future, we would have excluded a great number of Panamanians who should be included, in any provision, whether for housing or schools, or what have you. So we are not saying tomorrow, because we have been asking since yesterday.

Mr. METCALFE. Since I have the time, let me just say, as a result of the questions I have propounded to you and the questions and the statements of the gentleman from New York, I think we are together in terms of what we are seeking and I don't want to monopolize his time. I'll yield back my time to the gentleman who has the time in the hope that he will pursue all of these questions, and I am sure you will recognize Mr. Henry.

Mr. ZEFERETTI. Absolutely for us, please be assured this is a learning process and a dialogue. We are getting acquainted and so on.

To get back just one moment to what you said earlier, even though the goal is for a long period of time, it is nice to know it is finally in place and starting to move. That is the point I was trying to make.

Mr. Henry, please.

Mr. HENRY. Housing in the context of the treaty is one of our concerns because the guidelines we have now indicate that certain land turnovers will go to Panama. The rumors are that this includes a number of housing areas. Now this would displace people, and the land that they would be on would be in Panama. The 15 assurances do not provide any bright future for these people. It would imply that they would have to find housing accommodations if the Panamanian Government decides this should not continue as a housing area.

Mr. ZEFERETTI. Mr. Henry, what role did the Council play, if any, in the negotiations with either the Panamanians or with ourselves? What role do your people play in this when it comes down to drawing up hard lines about what you feel the people need, whether it be the Panamanian people or U.S. citizens?

Mr. HENRY. Basically, the same role we are playing now. We are placing our concerns, our complaints, our aspirations to the authorities that have some input to the treaty. We don't sit at the table with the negotiators and present them a paper and say these are the things we want. We have to appeal to authorities or agencies that have that direct input in the hope that they will buy our argument and see to it that these are included in the treaty.

Right now there is a feeling that the United States Government, by virtue of operating the Panama Canal, has a responsibility to us. We feel we made this decision and we are here seeing to it that the Panama Canal operates. The treaty is going to eliminate at least more than half of the work force; then this is our preoccupation and we are appealing to someone who can get this put into the treaty.

Mr. ZEFERETTI. I asked the Governor earlier this morning if he thought over a period of time when the treaty becomes a reality that the people involved, the Panamanian people themselves would have the ability to be trained for some of the specific jobs that will be necessary to carry forth the operations of the Canal. We haven't really gone toward that end.

Mr. HENRY. At that time the United States Government will have nothing to say about much of our training.

Mr. ZEFERETTI. I am talking about prior to that time. Let's say for argument's sake—we will just throw out a date—say by the year 2000 we will get out of the Canal Zone and by that time we will not operate it; it will be left to the Panamanian Government. Between now and then, will the opportunity be available to the Panamanian people to be trained to take over the complete operation of the Canal?

Mr. HENRY. I suppose they could if the machinery is set up, but that is another question. Will this machinery be set up? Will the present employees of the Panama Canal/Panama Canal Zone Government who have great potential, be given this opportunity and will they be given also the opportunity to be employed within the Canal administration? At that time the persons who will have the

say as to who is employed and so forth will not be the United States Government, but will be the Panamanian Government.

Mr. ZEFERETTI. Then you feel that has to be part of the treaty negotiations?

Mr. HENRY. I would urge that this be a part of the treaty so there be no misunderstanding and that someone can sit down and, say, plan the future for themselves and, most important, for their children.

Mr. JOHNSON. I would like to add to that by saying that very strongly this ties in with some of the things we have been saying over the years.

In my paper I talked about upward mobility. Upward mobility is based on this.

If 20 years ago more Panamanians were provided, given opportunity, as is done now, more Panamanians sent to supervisory schools as they are now, when that time comes, Panamanians would have been qualified to hold the type of jobs needed possibly, to be in a position to run and assist in the operation of the Canal, and this machinery is in motion but we are again saying that we hope that this thing is speeded up and more of us included.

Mr. METCALFE. The gentleman from Indiana, Mr. Hillis.

Mr. HILLIS. I find all this very informative, Mr. Chairman. I certainly am impressed by Mr. Blenman's closing statement as to the contribution all of you and your forebearers have made to the Canal and its operation over the years. It seems to me, of course, certain of these things have gotten under way, some of them directly at the suggestion of our chairman, and over the years can be phased in, can be worked in. But the fact that we are in this treaty negotiation creates an air of uncertainty, does it not, and you non-U.S. citizen employees would like to know what your status is going to be, and want to be represented, and have those rights clarified at this time in the treaty, and you want these things speeded up, but you also want to know where you stand after the treaty, is that right?

Mr. JOHNSON. Very much so.

Mr. HILLIS. That just seemed to be my feeling, as to where we were. Mr. METCALFE. I recognize now, Mr. Terry Modglin, our staff director, for the majority.

Mr. MODGLIN. Thank you, Mr. Chairman. I would like to pursue three particular questions.

The first concerns easier access for Panamanian residents of the Canal Zone to the United States.

Your representations in this regard, with respect to easier access to the United States, are they related to the treaty or has this been a long-standing aspiration of your communities? I would like to establish that for the record.

Mr. JOHNSON. This has been a longstanding aspiration. The record will bear us out on this. Way back, as we have talked with the gentleman we have tried to establish—and this is a fact that this has been an ongoing request to this Committee and to other groups and so at this time we want to reemphasize the fact that we look at this in the context that a treaty is soon approaching.

Mr. HENRY. May I say some more on that? Though this has been a longstanding request the treaty negotiations and the assurances tell us thousands are going to be displaced and there is very dim likelihood of any comparable employment or, as I said, any employment at all. We have precedents for this in the 1955 Treaty when certain activities were curtailed which displaced several hundred employees, but at that time the immigration laws were such that there was easy access to the United States, and a number did go to the United States. But a treaty under these conditions—people may just go by the wayside, because there is nothing to do, no prospects, nowhere else to go to seek anything.

Mr. MODGLIN. You are aware that in 1976 the new Immigration and Nationality Act Amendments were passed and this changed the basis for Western Hemisphere immigration.

I am wondering whether or not the implementation of that new statute has yet had an effect upon individuals in your communities who aspire to go to the United States.

Are there fewer or more Panamanian residents of the Zone going to the United States? Any perceptible change?

Mr. HENRY. I think we can talk about that. I am not very conversant with all this because I have not researched it, but I am of the opinion that access has less immigrant stages. People are going on other type visas. My feeling is that there is still a problem.

Mr. MODGLIN. If there is to be easier access to the United States for people in your communities, what standard ought to be set to effect this? Should the easier access be on a basis of persons born in the Canal Zone or should it be on the basis of service in the Canal Organization? What standards would you recommend be established if there were to be some legislation to effect this particular change?

Mr. JOHNSON. The standard could include basically several of the things you mentioned there and at this time because we are not too familiar with the type of standards that could be used for easier access. I would refrain from replying further but I would hasten to say that maybe some of the things you mentioned there should be used as a standard for easy access to the United States.

Mr. MODGLIN. There was a time, was there not, when a number of the individuals in your communities went into the U.S. Military Service and effected U.S. citizenship from that perspective? Now, is that still one of the chief means by which U.S. citizenship is gained by residents of the community here?

Mr. HENRY. We still have a number of boys and girls who enter the military services and they may eventually opt for U.S. citizenship. At the same time we suspect that they may have trouble getting immigrant visas because you have to be a resident of the United States to enter the armed forces.

Mr. MODGLIN. The second point I want to address is the issuance of the 15 Points. The 15 assurances delineate between Panamanian Nationals and U.S. citizens in terms of disposition under a new treaty arrangement. The remedy you suggested was that all Canal employees be considered federal employees. Could you just elaborate on the rationale, your rationale as to why all employees should be treated in the same manner without respect to citizenship and what you believe are the responsibilities of the U.S. Government to you?

Mr. HENRY. Our feeling as far as the treaty negotiations are going and what we have heard there is an inclination to think of us as Panamanian citizens and that Panama will assume certain responsibilities for us as her citizens and it may be that these 15 assurances were written in this light and because of that the negotiators were hesitant to take a firmer stand in protection of the rights of citizens of another country. We are saying that if, as in some occasions, we are considered federal employees, then the assurances would extend to us as federal employees rather than dividing the federal employees—U.S. citizens, federal employees, non-U.S. citizens.

Further, I would like to say what the 15 points does is that it begins a new line of discussion with the same problem that we had before—equality. We are saying that had the 15 points said all federal employees later on at the negotiation table this could have been worked out, but the way it is now, we find ourselves excluded mostly, and because we find ourselves mostly excluded, and we find quality begins again a new line, we say leave us alone and let's look at this 15 points in a new context although it hasn't been accepted by some of the parties. But let's begin here by saying that we are talking about government employees, federal employees who make the provisions that we do allow. And when we do this we will have lumped everybody together rather than as we have done here, in the 15 points. And this is where we would like it to be taken.

Mr. Modglin. One final point, Mr. Chairman. There has been a good deal of controversy over the question of the United States maintaining a full government in the Canal Zone with police, fire, educational systems, et cetera.

I would like to, if I could, solicit your opinions as to the fairness of the law enforcement in the Canal Zone and the system of courts and I know in years past you have made some representations about the jury system. So I would like to have your comments on this aspect of life in the Zone.

Mr. JOHNSON. We have, ever since our forefathers have worked for the government, the United States Government, and we have understood the type of system here as basic to our hearts. We have known that the democratic system, under the police and court system that we have, like you mentioned. We requested jury selection for Panamanian employees. We view this as an income in the continued safe operation of the Company. Now we are making a projection about what could happen were another entity to take over. But all we are saying is that democracy is what we have seen, we have understood it this way, and some of us are part of this democratic system of law enforcement and the judicial system under the United States Government and we have expressed a desire that this, if it were possible under any arrangement, be continued. We don't know what would happen if somebody else were to do differently but we feel as employees as we are that this has been workable as a condition and we would like to see this continued.

Mr. MODGLIN. Thank you for allowing me the time.

Mr. METCALFE. Yes, Mr. Blenman.

Mr. BLENMAN. I would like to address Mr. Modglin, on the second issue he asked. In my paper here I mention benefits to U.S. employees continue under the treaty—housing and medical care. We understand that if the treaty goes through that the schools might go DOD. My question—what would happen to the children—my kids, going to U.S. schools? Will there be any implementation in the treaty allowing them to go there and finish their education?

Mr. MODGLIN. I don't think that I am possessed of the information right now that would adequately—

Mr. BLENMAN. That is what I was referring to when I mentioned that.

Mr. MODGLIN. To answer your question.

Mr. BLENMAN. When the treaty is signed, does that mean all the kids have to go into Panama schools, private schools? Does that mean kids in U.S. schools, if they are in 11th grade, will be able to finish. I was wondering whether something could be injected into the negotiations which allow them to complete schools?

Mr. METCALFE. Why don't you put that in the form of a recommendation to us?

Mr. HENRY. In that same vein are some of our concerns. One of these is the conflict in opting for U.S. Civil Service Retirement by a worker or the Social Security in Panama, and medical care. Right now a Civil Service worker gets Civil Service benefits, and Canal Zone employees get medical care, health insurance, and so on.

Under the Social Security System, retirement system medical care is a part of that retirement plan. Now, if you don't have that, what happens to the person who takes U.S. Civil Service Retirement and goes on? What happens to your health insurance and your medical care? The 15 points say U.S. citizens will be assured medical care. They do not see that non-U.S. citizens can be assured medical care. Do we have a health plan or do we get into private hospitals that are expensive. This is something that comes out of the 15 points that needs clarification.

Mr. METCALFE. Mr. Henry, I want to make certain that we are clear. Are you asking first that the Canal Company address itself to these needs, and hopefully you will have a solution and be satisfied with the response from the Company, or are you asking that in the absence of that the negotiators address the problem. I am hesitant to refer to the negotiations because you want an immediate answer to your question as to whether or not the negotiators will make this a part of the treaty. My problem is that we can't wait because we have no idea of knowing whether or not the negotiators will address themselves to this and will delineate the answers to your questions.

Do you understand me clearly? I mean as to whether or not you would like to have the Governor and his Counsel address themselves to these problems?

Mr. HENRY. Are you saying the Governor and his Counsel address himself to these problems with a view of later addressing the negotiators?

Mr. METCALFE. Even if it can be done prior to it and assuming—let's assume for the sake of time progress that the negotiators will not address themselves to it—you will have the assurance that your request has had some attention and maybe some solutions.

Mr. HENRY. Well, you see, Mr. Chairman, right now we have U.S. Army facilities, and we have health plans so what I am talking about is in the context of a treaty as the 15 assurances are set up I am saying actually what happens to medical care for someone who says, "I want to continue under the U.S. Civil Service Retirement Plan." Because there are no assurances as far as medical care is concerned. I don't know what is going to be worked out for health plan, whether we will have a Canal Zone Health Board, whether there will be an option for stateside insurance companies, or what.

Mr. METCALFE. Mr. Henry, let me couch it in a little different language. In other words, Governor Parfitt has issued a statement of principles and of intentions of what he would like to see done. My question is, would you like him to address himself to that question and make that a part of his list of assurances?

Mr. HENRY. Yes.

Mr. METCALFE. Thank you. Do we have any questions from the Minority Staff member, Mr. Nick Nonnenmacher?

Mr. NONNENMACHER. Thank you, Mr. Chairman I would like to phrase this as delicately as I can because I think it is more than just implied here. And I am well aware of the political ramifications as it relates to you Panamanian citizens.

Mr. Johnson, you mentioned a duality, and, Mr. Henry, you mentioned the displacement. Now, it seems to me there is a "triality" involved here. I think you feel presently that there is sort of a duality in relation to the U.S. Government in these assurances in your present and potential positions, working under the present Company regime. But I get the distinct impression you fear a duality in relation to the Republic of Panama when and if that government takes over. And this is why I use this word "triality." I'd like to ask you, why do you fear a displacement from your jobs in view of the great experience you people have?

Let me ask two questions: What jobs do you expect to be abolished, and if jobs are not going to be abolished, do you fear a displacement by other Panamanians without experience, whether it be for political reasons or not? Why should that happen? Could you elaborate, either of you elaborate, on this question?

Mr. HENRY. Under the present guidelines of the treaty, it says that Panama will be sovereign within the Canal Zone and that at that time a Canal Administration will be set up that will see to the operation of the Panama Canal. It implies that all governmental functions and all functions that do not have a direct bearing on the operation of the Canal—that is, getting ships through the Canal—will divert to Panama.

This wipes out, I would say, approximately half of the working force in the governmental functions, the policemen, firemen, postal service, and schools. And within the government operation, those other commercial activities in the docks and piers in Balboa, marine bunkering, a lot of these activities are going to go. This means that you will displace workers.

It seems to us that, first of all, all of these employees will not necessarily be re-employed, since Panama already has entities that assume these functions. We are abandoning the police; we are abandoning the firemen; we are abandoning the postal system. They

do do some rebunkering and all things like that. So all that may happen is that some of these functions will just extend themselves and I can't see any way in which even one-third of the present working force will be employed in these areas since we already have a working force within the Panamanian Government to assume these responsibilities.

Mr. NONNENMACHER. But would that same number of people be able to handle what seems to be an expanded geographical area? Would there literally be no need for additional people in the Panamanian Government agencies to carry on?

Mr. HENRY. Yes, you would need some more.

Mr. NONNENMACHER. Would not you people be the logical ones to keep this up? If not, why not?

Mr. HENRY. That is a very significant question as far as that is concerned. I would prefer to go into the details of that at some other time.

Mr. NONNENMACHER. Well, I think this is what I was trying to say, that it is a delicate issue and I appreciate that, but I think the record in some way should reflect this concern and I think your answer does.

Mr. JOHNSON. May I just point out the fact that I appreciate the fact that you continued in this context because some of the issues that you raise are delicate in that sense and because of political ramifications we would rather not discuss them now but during the inspection visit perhaps you could talk to us about it and we could answer your question.

Mr. NONNENMACHER. I appreciate your candor.

I would like to say on behalf of Congressman Gene Snyder, who is the Ranking Minority member, and who is not present today, that despite his very strong position against the United States surrendering the Canal and the Zone to the Republic of Panama, he has an enormous respect for Panamanian citizens and especially for those like yourselves and your forefathers who built that waterway and have continued to maintain it to this present day. I would like you to know that you have his respect.

Thank you, Mr. Chairman.

Mr. METCALFE. Thank you, Mr. Nonnenmacher.

Now we will ask Mr. Bernard Tannenbaum if he has any questions.

Mr. TANNENBAUM. I think the questions you have just raised certainly deserve a lot more discussion. If you prefer that discussion in private, we would be happy to discuss it with you at your pleasure.

Mr. METCALFE. Thank you.

Is there anyone in the Latin American community who is in the audience today who wishes to make a statement at this particular time?

If not, keeping in mind the time constraints we are under, I am going to ask for unanimous consent that we be permitted to propound to you any questions that we did not have an opportunity to ask you, and ask by the same courtesy that you write to us if you want to expound on any question or if you want to raise any additional issues.

Hearing no objection that will be the order and I would like to express my thanks and the thanks of the delegation for the very splendid testimony and the very candid presentations that you have made.

We are going to have a break now and I would urge that the members of the Latin American Civic Council remain here while we hear from the U.S. Civic Council.

We will take about an eight-minute break now so that we can move right into the presentations of the United States Civic Councils.

[Whereupon, at 11:35 a.m., the Subcommittee recessed.]

[After a recess, the Subcommittee reconvened at 11:45 a.m., the Honorable Ralph H. Metcalfe presiding.]

Mr. METCALFE. The subcommittee will be in order.

I guess my job, in addition to presiding, is being a good timekeeper and keep the time factor rolling along. We are pretty much on schedule. To be exact, we are about three minutes behind schedule.

You heard the introductions of the Members of Congress, as well as the staff. I need not go through that. You heard my opening statement which applied to both of the Councils so we can proceed to get into the gutty issues with which we are confronted. We are most anxious to hear from you.

We have before us a position paper and it has been brought to my attention that each one of you will address yourselves to part of this position paper.

It is also my understanding that Mrs. Patricia Fulton will be the lead-off witness to proceed into the statement so that we can have the benefit from hearing from all of the Council presidents.

STATEMENTS OF MRS. CHARLOTTE KENNEDY, PRESIDENT, CRISTOBAL-MARGARITA-BRAZOS HEIGHTS CIVIC COUNCIL; MR. HAROLD B. GREEN, JR., PRESIDENT, GAMBOA CIVIC COUNCIL; MRS. PATRICIA FULTON, PRESIDENT, PACIFIC CIVIC COUNCIL; MR. DALE WINDLE, PRESIDENT, GATUN CIVIC COUNCIL; AND DR. MELVIN BOREHAM, PRESIDENT, COCO SOLO-FRANCE FIELD CIVIC COUNCIL

Mrs. FULTON. I will not be the first reader, but let me make a brief introduction.

The representatives of the U.S. Councils in the Zone met together to plan a joint presentation so that you would not have to hear a lot of repetition on some of our concerns.

We realize that as you look at our position paper that some of the language may sound strong, but we are at a point where we feel we have to be honest and we want to honestly portray the situation as we see it here living here.

We realize we may be taking some personal risks in some of the statements we are making, but we feel we have to make you aware and put it into the record.

Mrs. Charlotte Kennedy, President of the Cristobal-Margarita-Brazos Heights Civic Council, will be the first reader, followed by Mr. Harold Green of Gamboa. I will conclude and Mr. Mel Boreham

from the Coco Solo-France Field Civic Council will have a brief statement.

Mrs. KENNEDY. Good morning.

Mr. METCALFE. Good morning, Mrs. Kennedy. It is good to see you again.

Mrs. KENNEDY. Well, undoubtedly we will repeat many of the things that Congressman Metcalfe has already heard but we felt with the new members we must go back perhaps to the beginning and give a background. This is our joint position paper.

The Panama Canal was created by United States taxpayers' dollars, American ingenuity, engineering and medical expertise, and dedicated labor, transforming a sparsely-populated, fever-infested jungle into the eighth wonder of the world. In fact, the Republic of Panama owes its very existence to the United States and the Panama Canal. Anyone who has seen the Nicaraguan area which was once considered for a Canal route can readily imagine what Panama would look like today had there been no Canal built there. Likewise, Panama owes its former prosperity to the United States and the Canal Zone, not just from the annual railroad annuity, but also from wages paid to Panamanian employees in the Canal Zone, from purchases made by U.S. citizens and agencies of the Canal Zone, and from the millions of dollars in foreign aid given so lavishly out of United States taxpayers' money.

The U.S. citizen work force in the Canal Zone is comprised largely of highly-skilled, dedicated, technical employees, who have left their homeland, not for service in a foreign country, but in the service of the United States Government under the flag of the United States. Their outstanding record of accomplishments in keeping the Canal running smoothly and efficiently has been due largely to their sense of pride in their work, their sense of loyalty to the United States, and their attitude of concern for their country's welfare. These people believe strongly that the Panama Canal cannot operate effectively or efficiently without a Canal Zone which is under the jurisdiction of the United States—with U.S. laws, courts, postal system, police and fire protection, and schools with U.S. curriculum and U.S. citizen teachers. We believe that the U.S. Government owes a strong legal and moral responsibility to these loyal employees to protect their job security, their lives, their property, and their families, while at the same time protecting the tremendous investment of taxpayers' money in the Canal.

For the past three and one-half years, the U.S. Civic Councils in the Canal Zone have been preparing position papers and formal statements of community opinion for submission to Congressmen, Canal Zone officials, Department of Army representatives, treaty negotiators, and State Department officials. We have tried to maintain an attitude of rationality, calmness, and sensible perspective on the subject of a new Panama Canal treaty with the Republic of Panama. One of the many points we have tried to make so often, so much so that we feel like "broken records," is that the U.S. citizen in the Canal Zone feels very apprehensive about living under the type of "legal system" now in force in the Republic of Panama.

We live next door to the Republic of Panama all year long; we use our eyes and ears to observe what is going on there and we are not

naive enough to believe that the Guardia Nacional, that mistreats fellow Panamanians with arbitrary beatings, imprisonment, expatriation and murder, is going to give special treatment to those "hated colonialist gringos" who have finally come under their jurisdiction. This attitude of hostility is encouraged and developed by the government-controlled news media in the Republic of Panama. The actions of the Panamanian government during the past year and a half have done nothing to sell the U.S. employee in the Canal Zone on the idea of living under Panamanian jurisdiction. Let us cite a few examples:

1. In January, 1976, a group of Panamanian businessmen and professionals were exiled, contrary to the Panamanian constitution, for their opposition to the Torrijos regime.

2. The student riots in Panama City in September, 1976, were clumsily handled by the Guardia Nacional, so much so that the disorder continued almost daily for a week and a half. When the Guardia finally took decisive action, it was brutal.

3. The October bombings in the Canal Zone have been credited to members of the G-2 of the Guardia Nacional, although members of the U. S. Embassy speculated informally that Bill Drummond might have bombed his own cars and participated in bombings at other sites in order to gain sympathy for his anti-treaty stand.

4. An Air Panama pilot, officially charged with possession of bombs to be used against the Panamanian government, told people at Paitilla Medical Center that the bomb that exploded in his car was tossed in there by a passing G-2 car. According to the Panamanian government's "official version," the man's wife was holding a bomb in her lap—a somewhat incredible tale—when the bomb exploded, injuring her seriously. Incidentally, his wife was sentenced to five years in prison.

5. Guardia Nacional escorted groups of students into the Canal Zone January 9, 1977, where American flags were burned and Panamanian flags were raised. This last ritual seemed somewhat unnecessary because Panamanian flags are already flying in the Canal Zone.

6. William Drummond, while passing through Tocumen Airport on February 11, 1977, en route to Washington on labor union business, was detained by G-2 agents and questioned for about three hours in the downtown Panama City office. When he tried to board another plane the following day, he was detained for 15 minutes at the foot of the boarding ramp, and seven friends who accompanied him to the airport were also detained and questioned because one of them took pictures of Mr. Drummond being stopped by G-2 agents. The film was confiscated by the G-2.

It seems inconsistent with the stated refusal of our government to deal with countries who have violated human rights that any negotiations should be carried on with a government which is in power illegally, and which has a record of frequent violation of human rights. The Torrijos dictatorship has used extreme repression against political, professional, business, student and labor groups. The expatriation of what is estimated to be about 1300 Panamanians and the murder of some 500 persons in a country of only 1,700,000 inhabitants would compare to 168,000 expatriations

and 65,000 murders in the United States. Definitive, authoritative figures on expatriations and political murders are difficult to obtain in Panama because of government secrecy and suppression of information which the government does not want its people to have.

What exists now in the Canal Zone, after many attempts on our part to send out warning signals and indications of problems to come, is a "seige mentality" and crisis atmosphere. Now that one of the Civic Council presidents whose signature appears at the conclusion of this paper—Harold Green of Gamboa—has had recent experience with arbitrary detention, arrest, interrogation and search in the Republic, we are having real difficulty in maintaining an attitude of composure and calm rationality.

In short, our people have told us that they are more rigidly opposed than ever to living under Panamanian jurisdiction. The list of 15 assurances, recently released by Governor Harold R. Parfitt, spelled out for them the cold, hard reality that Panamanian law would go into effect when the treaty was inaugurated, and many, many of our people now tell us that "the day that the Canal Zone police go, we go," and also, more alarmingly, "when the U.S. workers see the day getting closer when jurisdiction will be handed to Panama, you can expect to see the Canal shut down."

Last year, Dr. Richard Cheville addressed your committee not long after the March sick-out, and he explained in his testimony some of the factors that led us to the closing of the Panama Canal. Morale at that time was extremely low; this year we have to say honestly that our people are so demoralized that they are ready to give up and quit—a shutdown of the Canal, if it occurs, will not happen over a labor issue. It will result from apprehensive employees, who in their fear for their physical security, will simply leave their jobsites, go home and pack their suitcases for repatriation. We do not say this lightly; we do not say it as a threat. But we must make the honest observation that our people feel so thoroughly discouraged and so exhausted after several years' worth of worry and insecurity—with nothing much to look forward to—that it would not take much to get some of them to join a job action.

I will relinquish my place now to Mr. Green, the Bud Green who was held up at the Tocumen Airport.

Mr. GREEN. Good morning. In contrast to our position as year-round residents and as elected representatives of U.S. citizens living in the Panama Canal communities, the treaty negotiators and State Department officials have little at stake themselves personally, other than to successfully negotiate a treaty which will, in their minds, ease hemispheric tensions and get rid of chronic problems in relations with Panama. When they finish their assignment, they will move on to other missions, leaving us to live with what they have arranged in treaty form. Generally, the treaty negotiators come to Panama for short periods of time, followed by journalists who become experts after a 3-day tour that includes standard briefings by the Panamanian and Canal Zone governments. These negotiators for the most part stay in isolation on the Island of Contadora, and when they have consented to meet with Canal Zone labor and civic representatives, they have said relatively nothing of any significance on the treaty issue. We sincerely resent the fact

that our services and the future security of our nation are being negotiated under a cloak-and-dagger atmosphere, particularly since the secrecy is unilateral.

Secrecy, in recent years, has been closely linked with dishonest, illegal or shady dealings. We in the Canal Zone are hard pressed to accurately define the secrecy attached to the Panama Canal negotiations. Imagine our chagrin to daily read in the Panama papers that a Panamanian Government spokesman is briefing Panamanian students, professional, business or labor groups on the "progress of the negotiations." And the presidents of Costa Rica, Colombia, and Venezuela seemed to be briefed regularly by General Torrijos about treaty matters. Does the U.S. State Department believe that the American people are not mature enough to properly accept and assimilate such highly important information?

Let us make clear that we are American citizens deeply concerned with the present and future well-being of our nation. Our opinions on what the U.S. has at stake in the negotiation of a new Canal treaty are also affected by our conversations with Panamanian friends, our reading of Spanish-language and English-language newspapers in Panama, and our understanding of the behavioral traits of the Panamanian government—something which one does not arrive at overnight or even in three days. Because of the present situation in the Republic of Panama, many of us do not "cross the border" as often, as freely, or even as nonchalantly as we used to. Fear, apprehension, and deep concern for our personal safety brought about by a succession of events in Panama, have given us an increasing "locked-in" feeling in the Canal Zone. When Panamanians are deported, or arrested, tortured and even killed for having dissident opinions, and when even our own people are subject to arrest in Tocumen Airport, in violation of existing treaty agreements—the average U.S. citizen in the Canal Zone is not at all enthusiastic about arbitrarily being subjected to the legal jurisdiction of such a repressive government. As an additional item of evidence, we have had numerous conversations with many Panamanians that you will never be able to meet. Our impression from these conversations is that when the Panamanian government officials speak today, they are not speaking for all the people. Let us cite a statement made recently by an educated businesswoman from Panama City.

Speaking to a Civic Council president informally, she said, "The United States is a world leader and so is the Soviet Union. But the United States has the advantage of liberty and freedom. Yet your country is doing nothing to help promote the spread of liberty in Latin America today. I understand that your government cannot interfere in our internal affairs, but your government could withhold foreign aid and could stop giving military assistance to our government. Our people are growing in their resentment of the United States Government because they see your government selling weapons, armored cars, and other equipment to this government that oppresses us."

The Panamanian people seem to be overtly silent because they have no effective means that they can see with which to fight back. However, the ever-increasing opposition to the dictatorial govern-

ment of Omar Torrijos became glaringly evident during the past September riots in Panama. Rumors have been rampant for months in the Canal Zone and Panama that more anti-government riots may be imminent in the months of April and May.

What effect does all this have on the operation of the Canal? Right now it is having a disastrous effect on the quality of work being performed because workers are "uptight" constantly about physical and economic security. The pride in working on the Panama Canal that has been part of our historical heritage here since the Canal's construction is now giving way to constant preoccupation with one's personal welfare. The recent arrests of U.S. citizens at Tocumen Airport was not lightly regarded by our people, many of whom wonder about their own safety in passing through this airport.

The Panamanian government has not yet responded to the official protest concerning their violation of the Air Transport Service Agreement of 1949. Comments in the Panamanian press were that the Panamanian government did not like the agreement, a sentiment that does not augur well for any commitments made in a new treaty. The Panamanian government could decide, sooner or later, that they "don't like the agreement" again.

On the subject of Tocumen Airport, let us add that our requests for use of Howard Air Force Base as the point of air departure and arrival from the Canal Zone were denied because "one arrest does not justify the civilian use of this military air terminal." U.S. residents who one year ago thought William Drummond was an eccentric who made his own problems, have been so jarred by events of the past year that now they identify fully with what happened to him at Tocumen Airport. They reason thusly: "If it can happen to Bill Drummond, then perhaps it can happen to me." Our people are now asking us, "How many arrests are needed for someone in our federal government to take steps to insure our protection in travel by air to and from the Canal Zone."

Turning now to the subject of employee status under a new treaty with Panama, we would like to respond to the recent list of 15 items which the U.S. presumably proposes to submit at the negotiating table. In spite of the fact that the Panamanian government has said that this list of "assurances" would not be acceptable, we wish to let you know the reaction from the U.S. community in the Canal Zone.

Assurances of U.S.-provided schooling and medical care, adequate housing, duty-free import and purchasing privileges and exemption from Panamanian income tax were good news to us, as you may be well aware. The language regarding job assurances was somewhat vague and left us wondering if we would be given help or if we would not. The assurances seem to promise only what we already have: "all eligible employees are guaranteed by current regulation reduction-in-force and reassignment rights, transfer of function rights, and discontinued service retirement following involuntary separation."

We were also told that "Civil Service Commission approval will be sought to provide any present U.S. citizen employee requesting such assistance with priority placement consideration for appropriate vacancies in federal government agencies." This is still vague

and uncertain, and our people have had about all they can tolerate of uncertainty.

The irony of the list of 15 assurances is that, in spite of advantages which the U.S. citizen who might consider remaining here will have over the locally-hired Panamanian citizen employee, our people have such strong objections to the fifth item in that list, that they have little interest in the other somewhat positive assurances. The item which caught the exclusive attention of the U.S. community reads like this: "In connection with offenses arising from acts of omission punishable under the laws of the Republic of Panama, United States citizen employees and their dependents will be entitled to specific procedural guarantees, such as prompt and speedy trial, specific charges, cross-examination of witnesses and legal representation of choice."

Disregarding the fact that Panamanian government officials have announced in their local newspapers that they would never allow U.S. employees in the Canal enterprise to have a "status of forces agreement", type of an agreement such as the U.S. military will have, and assuming for the sake of argument that the Panamanian negotiators agree to this assurance as part of the new treaty, who will guarantee that the Panamanian government will consistently comply with the request to give U.S. citizen employees these "procedural guarantees"?

After reviewing the list of assurances, we would like to hear something more specific and concrete, in language that we can understand, concerning priority transfers to government jobs in the United States.

In addition, we would like to express concern for two particular job categories: teachers and policemen. At this point, teachers have no transfer rights from the Canal Zone into the U.S. Civil Service system, other than for jobs at Indian reservations. They have worked faithfully and well in educating our children, and we are distressed that they are left "out on a limb" when it comes to job transfers. Those who do not chose to participate in the DOD school system which will probably go into effect down here should be given first priority for employment in the U.S. and assistance in obtaining such employment. The men and women of the Canal Zone Police Division are among those living under a "death sentence" because treaty negotiators have made it quite clear that law enforcement functions of the present Canal Zone Government will cease within 3 years after the new treaty goes into effect. The morale in this particular division continues daily at an all-time low because these employees only know that they will be out of a job soon; they know nothing about any future employment that wil allow them to provide for their families.

In general, our people were appreciative of the attempt to give them some information about their status under a new treaty, even if that list of assurances is rejected by the Panamanian government. Nevertheless, our Personnel Bureau continues to have difficulty in recruiting pilots, doctors, nurses, marine engineers, electricians, tugboat masters, and other needed workers for the Canal enterprise. Our constituents tell us that June will witness another mass exodus from the Canal Zone, further magnifying the task of our job recruitment specialists.

I will here relinquish to Pat Fulton.

Mrs. FULTON. During the past 3 to 4 years, while job security has been a major concern for our people, they have been receiving an "education" from the State Department concerning the treaty. In briefings, newspaper articles, and informal discussions, the State Department officials make clear these basic premises for their argument that a new treaty is needed:

1. A Canal Zone is not necessary for the successful operation of the Canal. They tell us that we wouldn't want to live in the Canal Zone if Panama did not get the treaty it desires.

2. The countries of Latin America give full support to Panama's claims for sovereignty over the Canal Zone and eventual control of the Canal operation.

3. The turnover of the Canal to Panama is in the best interests of the United States because not to do so would possibly involve our country in another Vietnam-style guerrilla war.

4. Panama has a sincere interest in keeping the Canal open and would not do anything to jeopardize the efficient operation of the Canal.

5. The Canal Zone is an anachronism; it is a source of irritation. Once the U.S. citizens are scattered throughout Panama City and Colon, they will no longer be identified as "Zonians", thus easing tensions and friction between the U.S. and Panama.

6. The economic growth of Panama depends on acquiring the lands in the Canal Zone so that Panama City and Colon can expand their business interests.

7. The denial of basic human rights within the Republic of Panama is not a matter that needs to be brought into the treaty negotiations. After all, Panama is one of the "developing countries of the world," and such behavior is normal for such countries.

8. The State Department would not negotiate a treaty which the U.S. Congress would not ratify.

The above concepts might be plausible to someone who has not lived here, to someone who has little or no dealings with the Panamanian government and its officials. They make the negotiation of a new treaty with Panama under the Kissinger-Tack conceptual principles as the most logical course to follow. Permit us to provide some responses to these concepts we have listed.

1. When the Canal Zone-U.S.-based legal system ceases to exist, many, if not all U.S. employees, will leave because they prefer to work and live under an orderly system of laws that guarantees them justice and fair play. They are becoming increasingly resistant to the thought of living under the Panamanian legal system as it is now administered.

2. The countries of Latin America say one thing in public and another privately. In the newspapers they pledge full support for Panama's claims to the Canal. In private, to people such as former Under Secretary of State William Rogers, they say that they are satisfied with the course that the U.S. is taking in the Canal treaty negotiations.

From observation of the political behavior and egocentrism of Latin American governments, one can safely say that Omar Torrijos could not depend on his Latin American neighbors for

monetary or military support in an open conflict with the United States. Those other countries wish to preserve their own ties to the United States in foreign aid allotments and commercial ventures. They would not sacrifice their own interests for the sake of Torrijos' "just aspirations" concerning the Canal. Rhetorical support is about all that General Torrijos can expect from Central and South America.

3. Turning over the Canal to prevent "guerrilla warfare" is not in the best interests of the United States because:

a. construction of enough warships to provide a "two-ocean navy" would be necessary in case Panama became whimsical in permitting us access to the Canal for military vessels. The extra cost in fuel for sending these ships around the tip of South America would be astronomical.

b. The Moscow-Havana axis has been casting lustful eyes for a long time toward our Canal as well as at other straits and waterways of the world. Panama does not have the military strength [even with the armored cars now in their possession] to withstand an assault from any country that would choose to invade and occupy it. The Panamanian people are not "fighters" by tradition; they have never fought a war of liberation. The average campesino reasons in this way: "Why should I get myself killed for the sake of a dictator? What will it gain me or my family? Absolutely nothing. Therefore, I will simply adjust to whoever is in power. One ruler is as bad as another."

c. The flow of Alaskan oil through the Panama Canal en route to eastern parts in the United States will be in serious jeopardy when Panama has control over access to the Canal and over the setting of tolls.

d. Our first line of defense in the western hemisphere would suddenly become Harlingen or McAllen, Texas [or perhaps Key West, Florida.]

e. The threat of "guerrilla warfare" amounts to nothing more than an attempt at political "blackmail" and appears to be contradictory in nature, based on the actions of the State Department. How valid is the threat if the State Department permits the sale and assists in the movement of armed personnel carriers to the Panamanian government? This military equipment was furnished in two installments, the first in October, 1976, and the second on March 5, 1977. This second installment, consisting of 12 armored vehicles, was delivered under Canal Zone police escort, to the Republic of Panama. What can justify the sale of military equipment to a potential enemy? How does one explain this situation to a U.S. soldier who may some day face his own death at the hands of an enemy who is using equipment built in the United States and delivered with the help of our own government officials? [One rather weak explanation from the U.S. Embassy in Panama is, "Well, if they don't buy from us, they'll buy from someone else. It's better that U.S. industry gets the money and we can control the supply of replacement parts."]

4. The Panamanian government is not noted for rational, logical behavior, nor for extensive attention toward preventive maintenance of government equipment. At this point, the Panamanian

government, nearly bankrupt, needs money so desperately that we agree they have a sincere interest in keeping the Canal open and operating efficiently.

We further believe that the Canal will remain open and operating efficiently even if the Panamanian government does not gain control of the Canal and the Canal Zone. Panama presently derives about one-third of its national income [\$256 million in 1976] from Canal sources and they are not about to jeopardize that income by foolishly attempting to sabotage the Canal. Any terrorist or guerilla type action, if at all, will be aimed at targets other than the Canal. In short, U.S. taxpayers are being required to sacrifice their tax dollars, land and national security in order to protect the investment of multi-national business corporations.

One of the differences between U.S. control and Panamanian control of the Canal and Canal Zone is the anticipated exorbitant increase in tolls which Panama would levy. Any such increase would seriously jeopardize the economic health of the Canal and increase the cost of products in countries that can ill afford such an increase. Sabotage and toll increases will hurt most of these Central and South American countries who are supposedly solidly behind the "just aspirations" of General Torrijos.

The lackadaisical attitude toward repairs and maintenance would contribute to the mechanical and structural breakdown of the Canal and appurtenances [unless the United States agreed to continue supplying parts and maintenance indefinitely.]

5. The "gringo" as he is often called here in Panama, will continue to receive harassment, whether he lives in Panama or the present Canal Zone. The United States has been a rather convenient whipping boy for the Republic of Panama for years and years. Criticism of the U.S. has always been used to distract the Panamanian's attention from the incompetence, graft, corruption, and poor judgment of his own government. Besides, the average Panamanian [when he permits himself to talk freely] does not want a treaty signed under the regime of Omar Torrijos. Such a treaty would reinforce the already crushing power of the Torrijos government on the Panamanian people.

6. The economic growth of Panama will need more than a Canal to restore it to health. The repressive atmosphere has inhibited consumers from visiting stores and businesses, it has inhibited investors from putting their money to work in Panamanian enterprises. The acquisition of Canal Zone lands for use by Panamanian commercial interests still requires the intelligent use and exploitation of these lands by competent businessmen. Such people are not the ones in control in the Panamanian government today. The ones in power are military men without adequate training in economics and business management. At this point we will not even attempt to explore the plight of the businessman in Panama who is weighed down by a pyramid of government taxes and fees, a labor code full of headaches for everyone, and abundant government red tape necessary in order to operate a business in the Republic.

7. The denial of basic human rights within the Republic of Panama is a matter that should be considered in the treaty negotiations. President Carter has expressed repeated interest in the

matter of human rights. If our country is to participate in a metaphorical "marriage" by means of a treaty with another country, we should know just who that "spouse" is. Denial of human rights is bound to make further problems for Canal employees later on, no matter what nationality they are.

Rather than taking an amoral stance, our country should apply its influence on the Panamanian Government, to the extent that U.S. citizens [who do come under the legitimate concern of our Federal Government] will not be permitted to live under such repression. We cannot rightfully interfere in the domestic policies of another nation, but we can let them know that they will not receive what they desperately want from us unless they make some changes in that policy.

8. The State Department is negotiating a treaty which it is willing to ratify. They make the assumption that they know what is in the best interest of the United States" and that all other opinions are to be considered ill-informed, unenlightened and out of step with modern times.

In past years, civic leaders from the Canal Zone have presented to you concerns they had about day-to-day items such as health care, commissaries, substandard housing, and schools. We continue to have such concerns, but in an important hearing such as this, when your time is at a premium, we emphasize that our concern this year is the survival of the Canal and the physical well-being of the Canal operation.

U.S. citizens in the Canal Zone have been greatly disturbed in the past year with the direction in which the treaty negotiations seem to be going. They tend to feel powerless in the writing of a major agreement between two countries, an agreement which will have far-reaching effects on these workers as well as on the United States as a nation.

Because of the political unrest in Panama today as opposition to the Torrijos regime mounts because of economic and political problems, we know we live and work here with a certain amount of risk. But at the same time we are concerned with the implications that the treaty being negotiated with Omar Torrijos will have on the United States. The behavior of the Panamanian Government in the past year should be testimony enough in itself to give our Senators and Representatives some serious reservations about the wisdom of a treaty with a government that runs roughshod over its citizens' human rights and that drains the national treasury to supply a comfortable life style for numerous high-ranking officials.

A case in point is the current trip to Libya, during which General Torrijos and 49 other dignitaries will expend government funds while their nation is on the threshold of bankruptcy and the people at home are exhorted to make "sacrifices" for the national good.

While all these things have been going on in Panama, State Department officials have assumed that the Panama Canal worker would stay in his place and patiently await the verdict on the treaty. They can no longer make that assumption safely. If the U.S. Government wishes the Canal to continue operating efficiently for world commerce, it will need to supply employees who are willing to work under the present tense and uncertain conditions. The U.S.

Government may find them, but with some difficulty and probably at great cost in financial enticements. It would seem to make more sense to respond to the needs of the current work force and likewise to avoid any haste in ratifying a treaty with Panama that promises to bring even more headaches in the future.

For ourselves as U.S. citizens living and working thousands of miles from our home land, we can say, "Pack us up tomorrow. We're ready to go." But for the sake of U.S. commerce and of U.S. national interests in general in the Western Hemisphere, we urge you to examine the proposed treaty [whenever it is announced] in minute detail. We urge you to visit here for more than three days, to observe the situation with your own eyes and not to depend solely on briefings by U.S. or Panamanian Government officials.

The new treaty with Panama will have long-range repercussions that coming generations will have to live with. We urge you not to ratify a new treaty solely because the State Department says that a treaty is the cure-all to problems with Panama. The Russia-Cuba axis and the American electorate are waiting to see which way the treaty goes. A hasty decision on the part of our Congressmen without giving deep and thoughtful study to the question would please the former and infuriate the latter.

And now Dr. Mel Boreham would like to make a statement for Coco Solo.

Mr. BOREHAM. Members of the subcommittee, I have a letter presented to the Honorable Governor Harold Parfitt concerning some of the points, the assurances that were given by the negotiators, on their stand in our negotiation with Panama.

I think one of the things the subcommittee must realize is that the Canal Zone represents a slice of Americana. We are pretty much, I think, similar, analogous to a small town in the Midwest or, say, one of the company-run towns of Montana with a population of 15,000. If you were to go to one of these areas in the United States and tell them that next year they were going to come under Brazilian jurisdiction, with Brazilian police and courts and so forth, I think there would be a very great furor and people would naturally leave that town and possibly go elsewhere.

I think that most of the U.S. employees of the United States Government have decided that there will be a new treaty between Panama and the United States. Unfortunately, many of our U.S. citizen employees have a feeling that they are the expendable persons in this regard, to this particular diplomatic solution with the current Panama question.

This is especially true with regard to living under total Panamanian jurisdiction. I must express my great concern that many, if not most, U.S. citizens and employees would choose to return to the United States should that be a part of any treaty between the United States and Panama.

Twenty years is a short time, as the reported date has been talked about for the turnover to be around the year 2000. I think the only way that such a mass, mass exodus may be stemmed is to allow for the U.S. citizen housing and work areas of the Canal be retained under the security of the U.S. Armed Forces.

I believe that this condition must be considered as a minimum for the continued presence of experienced—of an experienced Canal Zone work force throughout the transition period of not 3 years but possibly of 20 to 25 years. Should such security areas not be set up for the U.S. citizen worker, those responsible for such unrealistic living conditions must accept the consequences of the possible ineffective functioning of the Panama Canal and its invaluable service to worldwide shipping and commerce.

That is my prepared statement. I think that this is really and truly a minimum thing. All of the people that I have talked to in my town site and other town sites across the isthmus have stated to me that should jurisdiction go to Panama, the turnover of police and courts and so forth, that they would essentially pack up and leave tomorrow.

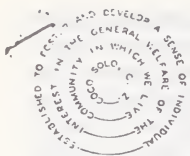
I think this is essentially a reiteration of what was given in the other position paper, but I just wanted to stress it in these particular terms.

Thank you very much.

Mr. METCALFE. Thank you, Dr. Boreham.

We have listened to your presentation. First, let me ask unanimous consent to enter the letter that Dr. Boreham had submitted to us into the record. Not hearing any objection, it will be so ordered.

[The letter referred to follows:]



COCO SOLO-FRANCE FIELD CIVIC COUNCIL

POST OFFICE BOX 1

COCO SOLO, CANAL ZONE

March 23, 1977

The Hon. Harold R. Parfitt
Governor of the Canal Zone
Balboa Heights, Canal Zone

Through: Civic Council Staff Officer
P. O. Box M
Balboa Heights, Canal Zone

Dear Governor Parfitt:

On the behalf of the Coco Solo-France Field Civic Council and the community we represent, I wish to thank you for your genuine concern for employees of the Canal Zone and their dependents. The list of assurances released this past week is an excellent step toward relieving some of the anxiety built up by the on-going negotiations for a new U.S.- Panama treaty

A special meeting of our Council was held on March 22 in order to discuss each of the 15 points of the list of assurances. I believe that there is general acceptance of these points by most U.S. citizen employees. It is realized that the wording is, out of necessity, a bit vague and generalized, thus leaving certain questions unanswered. I shall list below some of these questions under the number heading of each point on which our council members expressed concern:

Point 1. With regard to medical care, will equivalent medical care facilities be located on both sides of the Isthmus? Will there be an Atlantic side hospital?

Point 2. What type of housing will be considered "adequate" and what rental rates will be considered "reasonable" relative to our present situation? Will water and electricity be purchased through Panama at their much higher rates?

Point 3. Will the military service facilities include gasoline stations, food commissaries, auto repair facilities and APO postal service? Will there be special rates for automobile license plates?

Point 5. How will procedural guarantees be enforced considering the recent airport detentions of U.S. citizens? Will there be any special liaison office to handle judicial appeals or complaints?

Point 6. Will there be demands that "dual nationals" be required to have cedulas, Paz y Salvos, Panamanian passports, etc.? Will taxes and duties be levied against such persons? What type of documents will be required by these U.S. citizens for travel to and from Panama through Tocumen and

border check points?

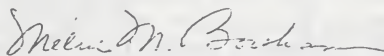
Point 10. Will any special "early retirement" plan be offered such as was recommended during the negotiations of new treaty in 1967? This plan would have given one years extra credit for each five years service and would have allowed reduced annuity retirement after a total of 15 years service credit. Will employees who find post-treaty conditions not acceptable, be allowed to retire early under such a plan on a "voluntary" basis?

Point 11. Should a U.S. Government job freeze be in effect, could the Civic Service Commission be requested to provide a waiver to Canal Zone employees requesting such assistance in order to transfer into other U.S. Government Agencies? Should Canal employees be placed under the Department of Defense, would the current mandatory 5 year rotation back to the U.S. be in effect for such employees?

Point 15. Will the current leave structure be changed? Differential? As an employee benefit, will the railroad continue to operate as part of the Canal entity under U.S. control, rates and fares?

I hope that you will find the above questions of interest with regard to the request you made for comments on the list of assurances. We realize that many of the questions listed above cannot be answered now and will have wait until the actual treaty text is available for study. These are just some of the concerns the community has at the present time.

Sincerely yours,



Dr. Melvin M. Boreham, President
Coco Solo-France Field Civic Council

Mr. METCALFE. I made a statement in the beginning of these hearings in this building, in terms of my association over a period of years, including recent years, with the civic councils. I feel as though I have a good appreciation of the attitudes of both the civic councils groups.

I am reminded that in the last hearing when I came down with the Committee on Appropriations, Mrs. Pat Fulton was kind enough to invite, among others, members of our delegation to her home and we found the visit very enlightening. So, therefore, I will not again attempt to monopolize the questions because I certainly want to yield as quickly as possible to the new members so that they will have their full opportunity, as well as the staff, to ask some questions. However, I would like to ask a few very brief questions.

The first one is: Do you think that you have been kept—have been kept adequately informed of the U.S. treaty negotiations? I think you addressed yourself to that, and you felt as though you had not been given an adequate reception.

Mrs. FULTON. We only know what the *Miami Herald* tells us. And the *Panama City Star and Herald*.

Mr. METCALFE. What would you recommend be done to keep you better informed. What is your recommendation since you are not being informed?

Mr. GREEN. I believe we should be entitled to the same thing that is presented on the other side of the fence. If a Panamanian statesman can brief Panamanian professionals, students and so forth on the subject of the treaty, I believe our statesmen should be likewise briefing us.

Mr. METCALFE. Has there been any reduction in non-U.S. teachers in the school system as of now?

Mrs. KENNEDY. I don't believe so.

Mr. METCALFE. I interpret that as meaning no appreciable reduction; is that right?

Now would you comment on the morale of the U.S. citizens? This is probably redundant because I think the whole statement that you have given is on the questions that I am asking and I believe that you have satisfactorily indicated what you conceive is the morale of the United States citizens living in the Zone.

May I ask, what can be done to improve this low morale, assuming, of course, that I understood you to say the morale is very low.

Mr. GREEN. In that particular instance, the U.S. citizen ought to be given positive assurances—not proposed assurances, but positive assurances. The way we look at this at this particular point is, our negotiators are basically taking a community, that is basically a U.S. community, and placing it under the jurisdiction of a foreign government. Even under our own Constitution I don't believe they have the authority to do this. Therefore, there has to be some means to get the citizen in the Canal Zone that does not desire to remain under the jurisdiction of this particular government out of the Canal Zone.

Mrs. FULTON. Let me comment on that also. There are situations in Panama which are not related specifically to the Canal Zone. We feel very vulnerable in that sometimes when there are government problems the government leaders will divert students or if there are already disorders they will send it into the Canal Zone and use it as a distraction. Plus, we are worried about what happens when Panama gets the treaty, because the Panamanians in power have a lot of animosity saved up. It is a paranoid fear, I admit this. But we have had an accumulation of tensions. It has not come over a weekend or even a month. It has been accumulating.

So, one, when Panama gets the treaty, there are fears of what are they going to do to us. They have been waiting. Okay. If Panama doesn't get the treaty, we are told, "Watch it, you are going to get it," you know. "They are going to take it out on you" because their patience has come to an end.

We have the situation at the airport which to some may seem to be an isolated example and people may wonder why we are making a big point of it but with the present emotional condition of the average worker here, you see, we are worried about going out to the airport. Now people are talking about taking friends out with them, watching to see if they get on the plane, which may sound a little silly. We've assumed for years that a Canal Zone resident can go to Tocumen, and can come back with no problems. But now our people have doubts, and that lingering worry. Taking pictures. After the recent arrests, it seems that we can't even take pictures anymore.

A lot of things have accumulated and we are now in the Canal Zone worried about our jobs, and about what's going on in Panama,

and how it will affect us. If the American in the Canal Zone had been able to look at Panama in the last couple years and say it's steady, it's even, it's calm, with no problems, then I don't think you would have this morale problem today. But there have been some disturbing things going on and our people react to these events. This is next door. Some of them have relatives who live over there. Some of them may have property, and perhaps intend to be retired there. So there is some concern for our well-being.

Mr. METCALFE. Mrs. Fulton, of course, your statement was very clear and it just enunciated with a great deal of clarity your feelings, but I am concerned about what Mr. Harold Green has given as a response to the question as to what can be done in order to build morale. Of course, your response was that you needed to know and have the assurances. Now I don't think anyone has those assurances, can have those assurances, in light of the ongoing treaty negotiations, which seems to be contradictory to a realistic approach, and this disturbs me as the chairman and one of the members of the committee.

I will now yield to the gentleman from New York, Mr. Zeferetti, for any questions that he may have.

Mr. ZEFERETTI. Thank you, Mr. Chairman, and may I thank you for a litany of the history of what is going on. I think it is very important and it is excellent testimony.

We are going to be here for 3 days. I don't think we are going to solve all the problems that are here, but I don't want you to feel we would be negligent in our observations or our appraisals of what is going on.

I feel very strongly about the need for some sort of communication. However, there seems to be a gap in information channels.

The Governor this morning made reference to that and talked about a large group of people suddenly leaving and going back for the first time and the large numbers that are there and they are prevalent, and I think what you expressed just a minute ago to the chairman, talking about the inability to know what tomorrow might bring, is of great concern to all of us. It should be, and I think maybe these are avenues that we could work towards getting some solution anyway in a short period of time.

You seem in your testimony also to relate specifically to the Embassy statements and the State Department statements and yet you are not that happy with the kind of responses you have been getting from both agencies. Why don't you go a little bit further into that and give us some of the experiences?

Mrs. FULTON. I am trying to understand the question.

Mr. ZEFERETTI. In other words, you talk about getting responses from the State Department answering some of the problems you bring forth and the kind of responses you get. The same thing with the Embassy where you went and talked about the airport incident and when you talk about the Canal and what the needs are, the kind of response you get.

Do you feel there is a lack of understanding there also, or is it just a political type of motivation rather than the consideration because of the employees?

Mrs. FULTON. Well, let me give some credit where credit is due to be perfectly fair. For the past year and a half there has been an

attempt by some people in the Embassy specifically to get to know the Canal Zone personnel. It has not been overwhelmingly successful, but some have done it, and have made opportunities available to have Congressmen here. I have had some discussions to, one, find out what their thinking is and, two, to share some thoughts from our side. They look at the matter in a broad spectrum. And when we bring up problems that we see specifically in Panama, we're interested because we are living in this, we are going to be part of the neighborhood shortly. I am told "Well, no, no, no, it is not as bad as it is in Chile, Brazil, Mozambique, wherever."

My argument is, I don't care what they do in Argentina or Chile. The Canal is here."

So there is a way of thinking. I think they are beginning to listen a little, but they've got the problem of writing the treaty and we don't. So we're told we've got to be realistic and that this is all going to work out. We say trust us, we live here. Embassy people come and go, they don't live here for 30 years, and some are glad to go when they go. And we're going to be stuck with what they negotiate. Our meetings with Ambassador Bunker have been frightfully disappointing. Perhaps he can't say anything, but it's disappointing to come to a meeting for some crumb of information, and then to receive double-talk. In response to these vague phrases such as, "you'll get taken care of," we're becoming rather cynical.

Mr. ZEFERETTI. Well, I think we must be fair to the other side, the Panamanian people; they haven't had communication either.

Mrs. FULTON. Could I make a suggestion? This has been brought up maybe informally in testimony at other times, I don't know, but our means of communication in the Canal Zone is limited to Southern Command, what they put out to their people, the Southern Command TV station, which is making it more and more clear that first there is the military, and then we come along after. We have the *Spillway*, which for economic reasons only, has limited space and perhaps for policy reasons cannot go into in-depth reporting. They only give us information on the Company. So we depend on what the *Miami Herald* chooses to put in its paper, what the local papers choose to tell us. I started buying them just to find out what they are saying. What we need, and I am not talking about a chatty, gossipy sort of little newssheet, but we need something here for an honest open communication of facts, materials, data, arguments and so forth. It is not here; we don't have it. So rumors go rampant. "I saw so-and-so doing so-and-so," or "my husband at work found out thus and so"—and you know what happens to rumors, they get out of proportion. We trade gossip, we trade rumors, we speculate—sometimes fears and worries build up that are totally groundless.

The Governor was very effective in installing a hot line. We are very grateful for this. Now you can call the phone number and ask if there is truth to a particular rumor. But the answers to many of the questions are not always published regularly, so people say "I had this question too; what is the answer?" We have a need for very simply some kind of a newspaper. And I know there is the economic issue and so forth, but if you talk about communications you are

only told things officially, you know, through company memos or through the Spillway.

Mr. ZEFERETTI. Have formal recommendations been made to our Embassy or the State Department or communicated to the negotiators as to what you want in a treaty arrangement. Have you recommended something?

Mr. BOREHAM. I think looking at this completely realistically, you can have any kind of treaty you want, unless you have secure areas for people to live and work, you don't have them. I think it is as simple as that.

Mr. ZEFERETTI. Have you taken the time out to do this formally? Have you put this down where you say "These are the things that should come forward if the result is a new treaty."

Mr. BOREHAM. Your subcommittee can generate legislation, is that correct?

Mr. ZEFERETTI. Yes, it can.

Mr. BOREHAM. What I would like to see is something arising from your subcommittee that would guarantee the employees unilaterally, from the United States Government, the Civil Service Commission, certain written guarantees as far as job placement, as far as guarantees about work, not only after the treaty, but for a certain period prior to the treaty or after the treaty comes out. This is something that would be very, very, beneficial for the employee. He would know in a way that these are assurances by the Civil Service Commission, by the United States Government, and he would be guaranteed that he could plan his life.

Mr. ZEFERETTI. There are laws already in place.

Mr. BOREHAM. Yes, there are.

Mr. ZEFERETTI. What I am saying to you, sir, is that to help us, and give us the educational background of your experiences here. In order to negate some of those fears, a formal presentation could be made to the chairman of the committee before we can address ourselves to anything like that, should we welcome that kind of thing.

Mr. BOREHAM. That could be done right now, and maybe work on them.

Mrs. FULTON. We have brought them informally.

Mr. ZEFERETTI. I would like to see some of these things formally in place.

Mr. BOREHAM. Some of these things should be expressed by your subcommittee through the congress to the State Department as far as minimum conditions the employees will accept in a treaty.

Mrs. KENNEDY. And we have presented statements from our civic councils to the negotiators through Ambassador Bunker on several occasions, and they must have a very large file in the wastebasket now because we have never heard from any of this.

"Father knows best."

Mrs. FULTON. When we bring up the problem of sovereignty, it's a very emotional issue, we are told, "Look, so many presidents have supported this, it is part of the package, and agreements, and it is settled. So the feeling is, that in the first place, don't even mention it. And so now we are just frankly saying, okay, keep it in place and our people are going out of place and somebody has got to run the Canal."

Mr. BOREHAM. The Canal is run by human beings. We have no clout with the negotiators as civic councils, as organizations, as private people. I think we have got to rely on you, it has got to come from our recommendations through you. But I think that, as you mention, this is something that should be written in a formal manner through your subcommittee.

Mr. ZEFERETTI. I think beyond that, with the new administration the question of human rights violations in Latin America and other countries deserves attention. I think it is imperative it be spelled out. Where there have been violations let them be brought forward. If in fact these things are going on, there has to be an understanding by our government; that they have to be recognized as such and addressed. This responsibility lies with you bringing it forward, and it is a little refreshing at this point that you are doing it because so far—we just started these—as far as I am concerned you are the first ones who have said it out loud. Everybody is saying something, but nobody is saying anything.

Mrs. FULTON. Everybody is afraid.

Mr. BOREHAM. You have the company and the labor force and secret negotiations for a period. Okay, that is okay, but we the workers have not been included in the negotiations. Secret or not. I understand the negotiations have to be made in secret because otherwise compromise really can't be accomplished. However, I don't know how it could be done, but there should be some appropriate representative of the employees that has some input to the negotiators and, like I say, I have no idea how this can be done, if it can be done by legislation through the subcommittee or what, but we should have some input.

Mr. METCALFE. Will the gentleman from New York yield for a moment? I would like for the record to show that as chairman I have written to Ambassador Ellsworth Bunker asking him to address himself to the general question of dual nationality. We have also written to the Ambassadors for public assurances on these points of agreement that we are concerned about, so I want the record to reflect what we have done and our concern in these areas. Our concern is reflective of the input that you have given in our hearings and our visit, as well as our correspondence. Thank you for yielding.

Mr. ZEFERETTI. Thank you, Mr. Chairman.

One of the fine things here is our chairman of this committee who has been around. He knows the problem and has addressed it in many different ways.

Again I thank you for your testimony and hopefully we can really learn more as we go along. It is just the beginning for me and it is still an education. But I am sure we will get the kind of understanding I feel so very strongly about.

Mr. METCALFE. As the chairman, I would like to also have the record to show that the committee is vitally concerned with all of your concerns and your fears and uncertainties. I believe that when the 95th Congress was reorganized, because of my seniority I may have had a chance to be before another subcommittee. I preferred to remain as chairman of the Panama Canal Subcommittee because of the background that I have been able to acquire and my deep

concern for the United States citizens, as well as our relationships with the Panamanians. My concern as far as the United States' prestige and the rightfulness of the treaty negotiations and the allaying of fears that have permeated and have been intensified over a period of years is also great.

I wanted you to know that our committee and the Subcommittee on the Panama Canal is genuinely concerned and that is the reason I am so appreciative that these two new members were able to come down and get first-hand information, to get to know you, to get to know your problems and what constitute your fears.

I would like to call on the gentleman from Indiana, Mr. Hillis, for any comments or any questions he may wish to ask.

Mr. HILLIS. Thank you, Mr. Chairman. I would like to ask Mr. Green if you could detail briefly for the record this incident that took place concerning your arrest by the Panamanian regime.

Mr. Green. Briefly, we went to the airport, myself and six others, to see that Mr. Drummond made his departure from Tocumen Airport. Now, we observed him going through the terminal and into the security area and we went up to the flight deck which is an open area. It is an open deck where you can see all the airplanes. You all came in through Tocumen, so you are aware of—

VOICE. We came into the Canal Zone.

[Laughter.]

Mr. METCALFE. We traveled by military aircraft.

Mr. GREEN. There is an open deck where you can observe the airplanes which is no more than maybe fifty yards from the open area. And Mr. Drummond was detained at the airplane by the G-2 people, and one of our people with us took a picture. There were no signs prohibiting this at the airport. We are used to being able to go to an airport and take pictures of the airplanes taking off, or of people at the airport.

The flash of the camera was spotted by one of the G-2 and it was shortly thereafter they came up and rounded all of us up. They gave us no reason for it. They made no explanation and they took us down into the security room and—that is right—there was no identification either except one fellow kept telling us he was police.

We asked them what we had done and they didn't understand English. They took us down to the security room; they detained us for approximately a half an hour. We asked to use the telephone on four different occasions. They absolutely refused any use of the phone.

One of the individuals that was with us did not get picked up because he happened to be in the terminal section of the building. He came back into the Canal Zone. The police demanded the film from the camera that took the pictures and they would not let us out of the area until the film was surrendered.

Not having surrendered the film voluntarily, they decided we were all due for a body search. And it was at that time that the film was taken. After the body search then they allowed us to depart. Then we came back to the Canal Zone.

Mr. HILLIS. They took the film?

Mr. GREEN. They took the film.

Mr. HILLIS. Is this an isolated instance or are there other instances of harassment?

Mr. GREEN. No, there are other instances. I don't know as we can document them, but there are incidents, for instance, for people driving into the interior, their cars were stopped. If they have any groceries or any liquor or what-have-you, that may be confiscated, and then they are allowed to proceed on their way.

Mr. HILLIS. Mrs. Fulton, I have a letter here which you wrote to Congressman Snyder concerning American flag material. Mr. Chairman, I would like to offer this letter for the record.

Mr. METCALFE. Let the record show that this correspondence will be entered into the record unless there is objection. Hearing none, it will be so entered. Thank you.

[The information follows:]



Pacific Civic Council

P. O. Box 41

Walton Heights, Canal Zone

March 11, 1977

The Honorable M. G. Snyder
2330 Rayburn House Office Building
Washington, D. C. 20515

Dear Representative Snyder:

I am enclosing a photo of a piece of fabric I bought today in a Panama City store, Importadora Selecta. Selling for 3 yards for \$1.00, the remnants of this red, white and blue fabric were folded loosely and displayed in a pile of other remnant scraps.

"Poor taste" is an understatement for describing the sale of U. S. flag material in such a manner. One friend of mine was told that the fabric was meant for "dust rags and car-washing cloths." I am enclosing a copy of my receipt to verify my purchase. I bought the cloth so I could possess evidence of the kinds of things some Panamanians are doing in their war of nerves against the United States. It was indeed an emotionally painful experience for me to see fabric with the American flag design tossed over in a corner with other odds and ends.

Because you have a reputation for unabashed patriotism, I thought you would be interested in this provocative development. U. S. citizens in the Canal Zone who are aware of this textile store's action have become understandably upset. A 10th-rate country is rubbing our noses in the dirt with actions such as these. We feel helpless to do anything here because a noisy American in Panama finds himself in a Panamanian jail.

Sincerely,

Patricia Fulton

Patricia Fulton (Mrs. James L., Jr.)
President, Pacific Civic Council



FABRIC PURCHASED BY MRS. PATRICIA
 FULTON AT IMPORTADORA SELECTA
 IN PANAMA CITY, REPUBLIC OF PANAMA
 3/11/77 3 YDS / \$1.00

SOLD FOR "DUST RAGS" BY
 THE STORE'S MANAGEMENT

Mr. HILLIS. What is the story behind this material that you have photographed here?

Mrs. FULTON. I was told by somebody else that U.S. flag material was being sold at a textile store in Panama City and that people were told to use the material for dusting and for washing cars. So I wanted to confirm it, for you hear some pretty wild stories and I wanted to find out for myself. The store was selling the fabric for 3 yards for a dollar. So a friend of mine and I walked down to this store. It was in a rather seamy section and there was a Guardia outside the store. I did not go in with the idea of making a scene, because I am not a good sprinter and I could not have made it back to the boundary in time. So we strolled around the stores trying not to be obvious that we were there to get the flag materials. It was there as you walked in, it was all wadded up in a big pile, and with some assorted other textiles.

We pretended to look at some drapery material and I strolled over and asked how much the flag material was.

They had it cut in various lengths. It was not for the purpose of a flag. It was odd lengths. I imagine you have seen the picture I submitted of a left and right-handed flag. It has a block of stars in one corner and a block of stars in the other. So I paid 80 cents plus four cents tax for my piece of material and the manager came over and spoke to me in English.

He said, "What are you buying this for, for the parade?"

And I said, "No, not the parade."

I lied and said we have been getting it for the Scouts and he said, "Oh, we have had a lot of calls for this lately."

I said, oh, and I didn't pursue the discussion any further. I just took my material and left, and I have been told by others including one Panamanian man who was visiting the Canal Zone that he was told the same thing, that the material was for washing and dusting. I did not pursue that line. It was a sensitive situation. I am not a D.A.R. flag-waver, but I love my flag, and it was very obviously flag material; it was not bunting as the Southern Command Network said.

No way could that have been one of those little red, white and blue decorations for the 4th of July. It was flag material.

Mr. HILLIS. Do you know the source of the material, where it can be found?

Mrs. FULTON. The Southern Command News came out and said that it was purchased in the United States, you know, as yard goods, excess from the Bicentennial, which may be true. But my contention was with the very tenuous-type situation between the two countries right now. The man, even if he bought it in a case lot and didn't know what he was getting, once he opened that box and could see it, there is no doubt that is an American flag. It would be in extremely poor taste to put it on the market and to display it with a pile of bluejeans, scrap material. It did come from the United States, and I am told the U.S. wholesaler is the one who should be condemned. But the Panamanian storeowner was a responsible businessman. He knew the difference.

Mr. HILLIS. But, as far as you know there was no government involvement in this.

Mrs. FULTON. No, no. This is just an example of the kind of harassment. And it adds to our powerlessness. There is nothing we can do about it. The burning of the U.S. flag, because it happened so rapidly on January 9, adds to our powerlessness, because there is nothing the Canal Zone police could do.

Mr. HILLIS. Did you bring this up with the Embassy or the State Department? Did they do anything about this?

Mrs. FULTON. Boy, did we ever. The State Department, the Embassy, did lodge a protest, about the burning. Have you told them about the note that I got on this?

Mr. METCALFE. I don't think so.

Mrs. FULTON. This was a part of the popular sentiment. A group of Panamanians led by the Guardia came in on a Sunday. Very quickly, they came into the Zone, put some flags on lightpoles, burned some U.S. flags, in at least two different places in the Canal Zone, while the people were asleep, fishing, at church at the time. There were no papers printed the next day, so the word did not

come out in the papers, but the word started getting around the Canal Zone because we put in a vocal protest.

I got an anonymous note. I am told it came from the Atlantic side. I have no idea to this day who wrote it. All I am told is what was in the note. It said, "Tell Pat Fulton to tell her friends at the Embassy if there is no official protest by Friday"—now, this was on a Wednesday at 11 o'clock—"there will be a people's protest on Saturday. We will burn semiofficial RP flags, may ask for hardballers' help at the border—and they signed it the "Tit-for-Tat Committee." They promised more details later.

Well, I immediately called the Embassy, the Governor's office, the Information Office, and I went to the police station so that if something came out of it at least they would have the information.

There was a news release that came out the same day from the administration as a comment on the situation and by Friday there was a protest published in the newspaper. A protest had been made, there was no people's protest, and I'm glad there wasn't.

But to me it was evidence of a segment of our population that is very, very patriotic, and if you want to call them radical, okay, but they have had about all they can take. This group will get triggered off by some incident like this, and their actions could generate some international incident. But it is this kind of thing that happens fast, it's over, and the U.S. citizen feels helpless, there is nothing he can do. Our administration has limitations because we are here between two countries, and the Embassy says, "Well, you know how things are." This is why I asked Congressman Metcalfe when he was here in January if you congressmen would at least make some statements. It sounds like a pathetic gesture, but it means something to us. If you know and you are aware, and you are concerned, you do not have to threaten or even promise an investigation, but you are concerned, you are aware of this crisis and somebody in Washington knows. Because our people live in a highly structured situation here in the Canal Zone, and beginning with the Governor on down, we are given information that trickles down from the top to the bottom, and when there was no communication or acknowledgment given from the upper levels, we assume that they don't know and don't care. Maybe that's not true but this is the pattern of thinking after you have lived here for a number of years, and what you get officially is little. And so you can be of real help to us with little or no risk or jeopardy to yourselves.

Mr. ZEFERETTI. I just want to ask one question. Is there any working agreement between the police force on the Canal Zone and the police force on the Panamanian side?

Mrs. FULTON. There is cooperation but that cooperation can be withdrawn. The Guardia if it chooses may not cooperate. I'll give you one specific thing that sort of disturbs us now. In the Balboa Police Station apparently in an attempt to promote a liaison there is a Guardia major who has an office, an office with secretaries, files, the whole bit, with access to our files. As things are set up now, our detectives used to be able to go into Panama freely—plainclothes for surveillance, whatever. The Canal police do nothing until they check with this man. If this Guardia official says, "I don't have time to take up that project," they don't move, and so now the

Guardia is saying, "Our answer to the problem is more Guardia in the Balboa Station."

Now, we have had a counterpart who worked for the Canal Zone police force. He has a seat and a pay telephone, and he has no plush office. The office is inconsequential, but there is sort of an encroachment, a creeping movement, that the Army officials are considering joint patrols with the Guardia. This does not affect us unless we drive to a military installation, but it's a little disturbing because we interpret them as moves for change of sovereignty before the treaty goes into effect.

Mr. ZEFERETTI. Is there a reciprocal type of arrangement as far as arrests and as far as jurisdiction goes? It is strictly zone versus——

Mrs. FULTON. Well, they cooperate sometimes. The Canal police have been very good about trying to cooperate, but the Guardia, they may cooperate; they may not. They may be very slow in answering a phone call.

Mr. ZEFERETTI. Mr. Green said he was held and you say there was no identification. You said there was no identification. He wouldn't tell you who he was. He wouldn't tell you what his name was.

Mr. GREEN. He said he was police, but he wouldn't show any identification.

Mr. ZEFERETTI. How did you react? Did he use a gun to stop you?

Mr. GREEN. No, but since I was in Panama I acted like I was in Panama.

Mr. FULTON. Just the fact that somebody comes over to you and says, "Get against the wall," do you get against the wall?

Mr. GREEN. Basically, yes. If you have ever been to the airport, you will notice there is a preponderance of Guardia Nacional armed troops at the airport. I don't propose myself to question their authority at that port.

Mr. ZEFERETTI. This gentleman was in civilian clothes?

Mr. GREEN. Yes.

Mr. ZEFERETTI. And he stopped you and he said, "I want to see the camera," or, "Identify yourself."

Mr. GREEN. He tried to take the camera. Initially we would not give it to him because he would not identify but then they took us down to the little private anteroom.

Mr. ZEFERETTI. He never said, "You are under arrest," or——

Mrs. FULTON. Can I give you one more example of how they violate the agreement? The Guardia, if they arrest a Canal Zone policeman for whatever reason, they are supposed to inform the Canal Zone police but they do not.

There was a Canal Zone policeman who incidentally is a Panamanian National. But he supposedly, with arrangements set up by the Guardia liaison in the police station, went to Panama to get a hunting license and he thought it was just an innocent business trip. He walked into the police station; he was approached by counterintelligence; they took him into a room. He was held from somewhere between 36 to 48 hours. The Guardia lied that they didn't have him. We didn't know where he was.

Now, there was an active effort on the part of a number of people and our police officials, thank God, who went and they got him. Now, this man was held in a dark room with men walking around

and around him asking him questions. One cup of coffee and one bathroom trip was all he was allowed.

Fortunately, somebody with him in the police station, got out and got back into the zone, but the Guardia lied, and they have done it before.

When U.S. citizens are being held, the Canal Zone people call and say, "Do you have a person by the name of so-and-so in custody?"

They can choose to say "no."

I know a high school student whom I had as a student who was in on a marijuana arrest.

The only reason the parents found out he was in jail was because a janitor knew the boy who was arrested with him and on his own prerogative he called this family and said the kids are in jail. It's iffy, very, very iffy, and our people are saying we don't want to live with it.

Mr. METCALFE. If I may interrupt at this time, since I am the timekeeper, I must say it is now time for us to adjourn. I do not propose that we adjourn, but I just want you to be cognizant of the time factor as we ask questions. I think this question of Guardia conduct has been explored extensively. I don't mean to cut you off. I just want to direct your attention to the fact that time has run on, and that we be prepared to stay and have staff also ask questions.

Mr. HILLIS. Just brief for the record, Mr. Chairman, do you have the name of the person who was held?

Mrs. FULTON. Yes.

Mr. HILLIS. Would you give that for the record or would you submit it?

Mrs. FULTON. I would rather submit it. The man's life is in danger.

Mr. HILLIS. Mr. Green, was there anyone in your party who understood or could speak Spanish? In other words, was there a possibility of lack of communication when this police officer said to you that he didn't understand English? Was it just obvious there was no intention to communicate. I think that's all I have.

Mrs. KENNEDY. One of the most frequent violations in Panama is listed under the heading of disrespect to a Guardia and that disrespect can just consist of just being there. Being alive. They don't like anything to do with disrespect.

Mr. GREEN. There is one closing comment I would like to make. It is just a flat statement. I think it should be remembered the Panamanians do not have the market on national pride. We also have considerable pride.

Mr. METCALFE. Mr. Modglin.

Mr. MODGLIN. I'll be very brief, Mr. Chairman. I would ask the panel when you focused on the fifth, tenth, and eleventh points of the 15 assurances in your statement, do you see any particular points of the 15 assurances which are particularly helpful to you as citizens of the U.S. community?

Mrs. FULTON. Schools, housing, hospitals, are all very nice. We appreciate them. It's ironic that our people forget all those things when they see that number five.

Mr. MODGLIN. How did the U.S. citizens relate to the so-called labor annex that was written by the representatives of organized labor in 1971 with respect to work assurances?

Mr. GREEN. Is this the one that permits early retirement and so forth?

Mr. MODGLIN. Yes, that is the one to which I am referring.

Mr. GREEN. I think we react well to that because it gives them an excellent opportunity to get out of here.

Mr. MODGLIN. That was precisely my next question. Do you believe employees who, under the new treaty relationship, find that their jobs are not abolished should receive the same treatment as those citizens whose jobs were abolished? Should they all be treated the same or are there different categories?

Mr. GREEN. No, they should all definitely be treated the same.

Mr. MODGLIN. Why? What is your rationale?

Mr. GREEN. Again I go back to the original statement I made about how I feel. I feel what is being attempted here is a turnover of jurisdiction to a foreign government. The American citizens have not come down here to be employed by the Panamanian Government and he did not come down here to live under the jurisdiction of a Panamanian Government, and I feel that if you are contemplating turning a U.S. citizen over to a foreign government you should have some provision whereby he can make his own determination to leave at the time the jurisdiction is turned over.

Mr. MODGLIN. If, under the new treaty relationship U.S. citizens were considered subjects of a status of forces agreement and continued for the most part under U.S. jurisdiction, that is, under military jurisdiction, would that same reasoning, would that still apply?

Mr. GREEN. Yes. I personally have 23 years' federal service and I will not remain in the Canal Zone to be placed under any court system of the Republic of Panama. I am not used to that type of a system, and I will not subject my family to that type of a system.

Mr. MODGLIN. One more question, Mr. Chairman. This morning the Latin American Civic Councils suggested all employees of the Canal organization, regardless of nationality, be considered as federal employees for the purposes of job transfers, et cetera, if there were a new treaty agreement. How do you relate to that particular view? Should Panamanians and U.S. citizens be considered in a like manner with regard to these kinds of protections?

Mrs. FULTON. I think the problem is going to come from the Panamanian Government. We can say yes, we can extend these things but the Panamanian Government who has been waiting to extend their authority say, "oh, no, no, no, these are our people."

We have seen this coming from the Panamanian Government for some time. We knew that when the crunch came we were not too happy with things but the non-U.S. employees were really going to be left in the cold; there are people who are going to get political jobs in the Canal entity whether they have the ability or not, because they have relatives who are in power. And when the governor made the announcement of the 15 "assurances" it was like a bucket of water in the face for the non-U.S. "We should have known these things were coming," they said.

Mr. MODGLIN. In your own views on this particular matter, should the Panamanian employee be considered under these benefits listed in the assurances?

Mr. GREEN. Considering the human rights aspect of it, I think certainly they should. There are some of them who are earmarked to lose their jobs, and there are some of them who do not want to work for the Panamanian Government and I think they should be given the opportunity to the same as the U.S. citizens. They've dedicated their time to the Canal enterprise and I think they should be taken care of as well.

Mr. MODGLIN. That's all, Mr. Chairman.

Mr. METCALFE. Mr. Nonnenmacher.

Mr. NONNENMACHER. Thank you, Mr. Chairman, I'll be brief, too. One of you ladies referred, I believe it was parenthetically and not in the statement, to sort of a tightening-up on the Armed Services radio and TV network. I am interested in this because Congressman Snyder received a letter from Diana Davis, President of the Cristobal Women's Club enclosing a letter she had written General McAuliffe concerning this, which letter I would like to ask the Chairman to introduce into the record, and ask you to enlarge on this from your standpoint. She indicated it is not a very serious thing, but it is indicative of another one of these things that are happening. Would you like to comment on that?

Mrs. FULTON. I would like to comment on that. When I was an English teacher at the high school I had representatives of the Southern Command Network talk to my students, so I learned a little bit more about their working policies. They made it quite clear that the funding is based on the number of military here in the Zone, and so people of the Canal Company are just sort of eavesdropping when they turn on the TV, or the radio. Because of treaty commitments and pressure from the Panamanian Government, they have to be very careful. They are not a news-gathering agency, no advertisements, and so forth. But they recently have made it quite clear that the military gets priority in things like the interview program "Que Pasa" and general information things. If you send in ads to the radio "Swap Shop" they tell you first priority goes to DOD people and military people and then to Canal Company people. This increases our feelings about, pardon the expression, frankly, being the illegitimate children in the Canal Zone. The Secretary of the Army is our chief stockholder, and we get the impression that the military are the favorites. As we say, God created the military people on the sixth day, rested on the seventh, and created the rest of us on the eighth. So this thing with the Southern Command is just another thing where they say, I'm sorry, you're out there in the cold, and we don't care. It could be a lot of their international relations, but there's a feeling of being really isolated and really alienated. We had a real problem with them last September when there were riots going on, stone throwing, tear gas, looting and the Southern Command was very calmly saying, please avoid areas of heavy traffic congestion in Panama.

Now there were new people here who took that literally. We know it's a code—stay the heck out, you are going to get your head bashed if you go in. But they were saying avoid traffic congestion, which to someone from New York City or New Orleans would say it is a long traffic line or something, somebody broke down.

We have raised enough fuss about it that I think they have altered the policy somewhat. But we are still getting the feeling now that we are really out in the cold.

Mr. METCALFE. Mr. Nonnemacher has asked that this letter from Miss Diana Davis be entered into the record. Unless I hear an objection, it will be so ordered.

[The material follows:]

The Cristobal Woman's Club

Building 8151, Hillview Terrace

Margarita, Canal Zone

P.O. Box 3, Margarita, C.Z.

Telephone Cristobal 1702

MAR 21 1977

March 14, 1977

Honorable Gene Snider
House of Representative
Washington, D. C. 20515

Dear Sir:

I am enclosing a copy of my letter addressed to Major General McAuliffe concerning a new unprecedented programing policy of the local Armed Forces Radio and T. V. Network.

"While on the surface the problem may seem small, the implication to the U. S. community in the Canal Zone is of considerable importance and therefore, I respectfully direct your attention to the final paragraph of page 2.

Respectfully,

Diana Davis

Diana Davis

President

Cristobal Woman's Club

The Cristobal Woman's Club

Building 8151, Hillview Terrace

Margarita, Canal Zone

P.O. Box 3, Margarita, C.Z.

Telephone Cristobal 1702

11th March 1977

Lieutenant General D. P. Mc Auliffe
Commander-in-Chief
U. S. Forces Southern Command

Dear Sir:

On February 22, 1977, our publicity chairman, Mrs. Jean Stone, telephoned SCN to request that a representative of The Cristobal Woman's Club be interviewed on SCN's "Que Pasa" program in order to explain and advertise The Cristobal Woman's Club Annual Fashion Show to be held on April 30th.

Lieutenant Fortenberry, who took the call, advised Mrs. Stone that because of a new policy she would be required to submit her request through the Panama Canal Public Information Office--a new requirement applicable to U.S. civilians residing in the Canal Zone. Lieutenant Fortenberry further said that a telephone call would probably suffice; but when Mrs. Stone called the Panama Canal Public Information Office, she was told to submit the request in letter form. Mrs. Stone duly submitted that request in a letter dated February 24, 1977.

On March 1st, Mr. Frank Baldwin, Panama Canal Public Information Officer, telephoned Mrs. Stone to inform her that her request had been denied. Upon being asked who denied the request, Mr. Baldwin replied that it was Colonel Lopez. He added that Colonel Lopez had inquired whether there were any military persons in the Cristobal Woman's Club and whether it was a philanthropic organization. Mrs. Stone replied affirmatively on both counts. Not only were there military wives enrolled in the Club, but last year's president was from the military. It is well known that The Cristobal Woman's Club's contributions to charity are considerable. The fashion show in question is a non-profit activity.

Mr. Baldwin submitted the foregoing information to Colonel Lopez, recommending that he reconsider the request. In spite of the satisfactory replies to Colonel Lopez' questions, however, the Colonel once more rejected the request. Although there were no reasons given for the denial, Mrs. Stone had

Lt. General D. P. McAuliffe

2

11th March 1977

the distinct impression that non-military U.S. citizen groups or any groups that include U.S. civilian citizens were persona non grata on SCN television and radio. If this be the case, it represents an unprecedented change in policy in the Canal Zone-- a most untimely change at that. It seems to us that the U.S. Forces Southern Command is deliberately setting out to provoke ill feelings between U.S. civilian citizens and armed forces personnel.

In his letter of March 9th, Colonel Antonio Lopez advised Mrs. Stone that SCN-TV would after all grant "on a conditional basis" the requested "Que Pasa" appearance. He cautioned, however, that the program could be pre-empted "should there be a request from an activity with a higher priority by virtue of being more clearly related to the military community."

Colonel Lopez then adds:

During the current transition period there are a few uncommitted QUE PASA spaces during April. Thus we find ourselves able to offer an appearance to you.

This seems to imply that in future all SCN-TV programs will be closed to U.S. civilian citizens in the Canal Zone.

Although we appreciate Colonel Lopez' granting our request, albeit conditional, we deplore the institution of a new policy that cavalierly disregards the unique conditions existing in the Canal Zone. Fort Clayton is not Fort Dix. The U.S. community in the Canal Zone has no other local media.

It would be edifying to see the U.S. armed forces accord as much consideration for their fellow Federal employees as they often do for our foreign friends. As fellow Americans, we appeal to your sense of fair play. I respectfully request that you review the new policy of our local armed forces radio and television network. I believe that you will find our request eminently just and reasonable.

Sincerely yours,



Diana R. Davis
President

CC: Major General H. R. Parfitt, USA

Mr. Frank Baldwin

Col. Antonio Lopez, USAF

Hon. Daniel J. Flood

Hon. Gene Snider

Sen. John Stennis

Sen. Strom Thurmond

Mr. NONNENMACHER. On page twelve of the prepared statement mention was made of multinational business corporations interests being protected. It reads exactly, "in short, U.S. taxpayers are being required to sacrifice their tax dollars, land and national security in order to protect the investment of multinational business corporations." There was no expansion upon that.

I would like to ask Mr. Green to comment on that and, if possible, to give us any first-hand information you have from American citizens who work for any of these multinationals and who live in Panama that would substantiate this charge. We have heard this in the United States too, of course.

Mr. GREEN. Unfortunately, I do not have information with me although we could probably provide it at a later date. We have been told, if my memory is correct, when Mr. Blacken came into the Canal Zone, to address the community—what was it—a year and a half ago or so—he mentioned the fact at that time that if we do not negotiate a treaty there is great concern that the Panamanian national feeling will be vented out on American business in the Republic as well as throughout Central and South America. This seems to be a scheme that they are using for the present negotiations to protect U.S. business investment in Central and South America.

Mr. NONNENMACHER. Thank you. I do have one other question. There has been mention of the fact that currently teachers here would have the right to transfer only to Indian reservations. Is there any specific suggestion you would like to make for legislation that might expand upon that opportunity for teachers here, should they go back to the States?

Mrs. FULTON. Well, I am aware that in the States schools are usually on a county basis, or State school systems, but if legislation can be set up to assist them in getting the teaching job that they choose or perhaps in getting a slot somewhere in the Civil Service if they do not want to be a teacher, but, as it is now, they are left out in the cold with nothing.

Mr. Nonnenmacher, I would like you to expand on this in a further statement to be included in the record.

[The material was not available at time of printing.]

Mr. HILLIS. You have made the assertion here about there being a mass exit of some kind, possibly. Have you taken any poll or done any sort of a survey? Do you have any kind of evidentiary fact you could put into the record about what percentage of people are seriously considering this?

Mr. FULTON. Okay, let me tell you why it is difficult to get definite facts. Our statements are coming from daily conversations and from a knowledge of living here of how people think. We know that events that have happened in Panama and in the Canal Zone have been extremely disturbing to our people. The immediate reaction was "I want to withdraw, I want to get away." But some people who are looking for a job may not walk around talking about it. A union man was telling me last night, that the unknown quantity are those fellows who are going to go to the States on vacation this summer and they are not going to tell us they are looking. They may find a job and they may send a letter back saying, "Pack me up. I am finished."

Now, we knew the people were disturbed last year after the sick-out, and we had no idea what was coming in September and October in the riots and bombings, but we knew that because 1976 was the Bicentennial people were going back home on the excuse of a vacation, the bicentennial celebration. We knew they would be reading their want ads and getting interviews and checking around for jobs. A number of these people did not come back. Some came back, packed up and left. One man in my neighborhood got a job in Houston and he could have gone to work the day after he applied. He came back, packed up, and in two weeks he was gone.

A number of others came back and with this continual feeling of discontentment aggravated by riots, bombs, bomb threats, et cetera—we are talking to each other about this all the time. It is an obsession, and so many people who are going to be looking, maybe they don't know if they have got a job, but they don't want the boss to know they are trying to cut the cord. They want to keep the job here, but they are going to go to the States. If they find something good, they will come back, pack up and leave. If they don't, they will come back but keep looking.

Our people are very, very upset. In fact I have been kind of surprised at the extreme reaction to this number five item in the assurances. We have heard about it a long time. The State Department says you are going to Panama. Face it. In three years you will be gone. This was not the first revelation, but it's like our people froze, saying, "We don't want it." And so with the accumulation of events you are going to see more people go.

Mr. NONNENMACHER. May I ask one more question, Mr. Chairman?

Something you just said reminded me of a concern that some have expressed, and that is, even though from what we have heard that the Canal Zone would be phased out over a 3-year period, there is talk, as I say, that it could be done by executive action overnight.

Could you give us any basis on which you people fear this? I don't mean suspicion, but I mean a legal, specific basis.

Mrs. FULTON. We had joint patrols in 1975 between the Guardia and Canal Zone police that just happened. There were problems and repercussions, and thank God, they finished it. This was partly due to traffic control during the Christmas season, but it just happened, it was done. The lease of France Field which was never described in Panama as a lease was called a reconquest of their land. But this was done by executive order.

Within the Canal Zone we have been in a situation where it's authoritarian, it's been set up this way. We are fortunate to have the Councils to have an opportunity to express opinions, but things can be done with paperwork while we sit up and we watch. There has been a growing feeling of paranoia, and we have the feeling that if they can do it once, they can do it again. We hear constant stories, and I only call them rumors, for example, that Fort Amador is going to be vacated and that the military and the Guardia is going to take over. We're told, no, no, no, that's after the new treaty. I was told by someone who personally talked to the man that a civilian military architect was called to Building Eight in Amador, which is a CIA building, and asked, "Give us an estimate

on what it is going to cost to clear this building to get ready for the Guardia. Now I have no Knowledge of when, or where, or what. But this man was asked to make an estimate. Why do it unless it is needed. So we are very concerned about an executive order.

This committee was helpful in getting a resolution passed about 2 years ago asking that no major changes be made by executive order before a new treaty.

Mr. METCALFE. Mr. Bernard Tannenbaum.

Mr. TANNENBAUM. Thank you, Mr. Chairman. I just have one question.

On page three, and then again on page ten, you make two statements. On page three you say "the Torrijos dictatorship uses extreme repression against political, professional, student, and labor groups, and you reference expatriation of 1,300 Panamanians and murder of 500 persons. Then on page ten the statement is that the countries of Latin America say one thing in public and another in private. Can you bring out the source of these statements?

Mrs. KENNEDY. I think the statement on page three was taken from a speech that was given by a prominent Panamanian Rotarian on Flag Day, the fourth of November, 1976, before a combined group of Panamanians, members of the Rotary Club, the Lions Club, Kiwanis, the 20-30 Club, and the Junior Chamber, and he is the one who gave those figures. At any rate, the figures came from a source in Panama.

Mrs. FULTON. I had a personal conversation with William Rogers in March, 1976. We were discussing this issue and he indicated in sort of backstage conversation that privately the Latin American countries say, "Fine, no rush." Plus from my own reading of the newspapers and watching their behavior I know that they cannot get together on coconuts, oil, chocolate, coffee, anything for very long. But the statement was made by Rogers that, yes, the United States was told by Latin countries, "yes we are satisfied with the way you are going, we're not in that big a hurry."

Mr. METCALFE. The chairman is going to ask unanimous consent that all members of the delegation, the staff as well as Members of Congress, be able to keep the record open of these hearings to have any correspondence and the same will be extended from the people who have testified here today. Hearing no objection, it will be so ordered.

[No correspondence for the record was exchanged.]

Mr. METCALFE. I have observed in the four years I have been coming down here that we have been scheduling these meetings and it becomes clear to me, unless I am misinformed by a lack of knowledge, that the only time the specific councils come together is when we bring them together.

This is done simply because of the commonality that both groups represent civic personalities. Is there any consideration given to some dialogue between the Latin American Civic Councils and the United States Civic Councils? From the testimony that we have heard, from your concerns, it appears to me there are many areas where you have mutual concerns and that there needs to be this human resources exchange between the two of you. I would only ask you to give consideration to this proposal.

Mrs. KENNEDY. Mr. Chairman, we do have joint meetings with the Latin American civic councils at the Governor's executive meetings. They were on Mondays. There have been too many things happening. We had one in March, which is the first we have had since the 27th of October, but we had in the interim meetings with various Congressmen, with the personnel committee from the Board of Directors, with the Secretary of the Army, and those were all joint meetings.

Mr. METCALFE. I understand you do have joint meetings.

Mrs. KENNEDY. Yes.

Mr. METCALFE. Do you discuss your own agenda at those meetings so that there is a mutual understanding of the concerns of each group?

Mrs. KENNEDY. No.

Mr. METCALFE. I don't mean in advance, but I wonder whether at least your own agendas are included apart from the scheduled discussions you have.

Well we are running very late, and certainly I want to express on behalf of the delegation our profound thanks and appreciation to you for giving us all the information and testimony. I think I speak for our two new members, as well as those staff members, when I say this has been most informative. Thank you very much for your presentations.

[Whereupon the Subcommittee adjourned.]

PROBLEMS OF CANAL ZONE RESIDENTS AND EMPLOYEES

WEDNESDAY, APRIL 13, 1977

HOUSE OF REPRESENTATIVES,
COMMITTEE ON MERCHANT MARINE AND FISHERIES,
SUBCOMMITTEE ON THE PANAMA CANAL,
Balboa, Canal Zone

The subcommittee met at 9:00 o'clock a.m. in the Panama Canal Training Center, Balboa, Canal Zone, Hon. Ralph Metcalfe (chairman of the subcommittee) presiding.

Mr. METCALFE. The Panama Canal Subcommittee is here today to listen to your concerns, your ideas and your petitions.

Since we last heard from you, many of you have written to the subcommittee or have been otherwise in touch with us. So at least I am somewhat familiar with your problems.

We felt it necessary to receive testimony directly from you. After your testimony, we hope to take positive and constructive action to do what we can to alleviate some of the difficulties you face. Of course, we recognize that we can only do so much.

I am very happy that we have two distinguished Members of the Congress with me, today, to listen to your concerns. Congressman Leo Zeferetti, who is sitting at the extreme left of this table, a Representative from New York who is a member of the Panama Canal Subcommittee, and a representative of the Congressional District in New York which is very much concerned with maritime commerce.

Congressman Elwood "Bud" Hillis, from Indiana, deals with the Canal from the perspective of the important Armed Services Committee, of which he is a member. We are delighted that he, too, could join with us.

I would like to give each of these gentlemen an opportunity at this time to say a few words if they so desire. Congressman Zeferetti

Mr. ZEFERETTI. Thank you, Mr. Chairman. As a new member of this subcommittee, I welcome the opportunity to hear your testimony. I have known some of you in Washington. I would hope our dialogue will resolve some of the problems we have heard here yesterday.

We, the Members of Congress, are very concerned. Hopefully, together we can work together to find the necessary solutions.

Again I welcome the opportunity to meet you, socially and individually in testifying.

Thank you, Mr. Chairman.

Mr. METCALFE. Thank you. The gentleman from Indiana, Mr. Hillis.

Mr. HILLIS. Thank you, Mr. Chairman. I, too, am very happy to be here and have the opportunity of gaining personal knowledge about the total situation that exists here in the Canal Zone and in Panama, and I look forward very much to hearing your testimony and I can assure you it will be a very important part of the experience that I have had here.

Thank you, Mr. Chairman.

Mr. METCALFE. Thank you.

You will notice there are six groups testifying today. We are trying to allot twenty minutes for each one of these groups. Some may go over that time, some may yield some of their time to others. I will be watching the clock very carefully to make certain that those at the tail end won't be shortchanged, so we can maintain our schedule.

I am so delighted to see so many of my friends, those who have helped us tremendously in their presentations at other hearings. Some have even journeyed to Washington to give us the benefit of their thinking, which has enabled us to be able to come forth with legislation. Certainly it has enhanced our knowledge as to what the situation here is, what constitute your concerns are as they relate to this unusual period in our history where we are in the process of negotiating a very, very important treaty. I am so delighted to be with you again and to have you with us so that we can hear from you.

According to my schedule, the National Maritime Union of America, the Panama Canal Division, AFL-CIO, will be the leading witness, and you may bring anyone to the table with you, Mr. Simpkins. You may identify yourself, and identify the members that you have with you, if they need any introduction.

STATEMENT OF TALMAGE E. SIMPKINS, EXECUTIVE DIRECTOR OF THE AFL-CIO MARITIME COMMITTEE, ACCOMPANIED BY RENE LIOEANJIE, REGIONAL DIRECTOR FOR THE NATIONAL MARITIME UNION IN LATIN AMERICA AND THE CARIBBEAN, AND EDWARD A. GASKIN, ASSISTANT REGIONAL DIRECTOR

Mr. SIMPKINS. I am Talmage Simpkins. I am Executive Director of the AFL-CIO Maritime Committee. With me are Rene Lioeanjie, Regional Director for the National Maritime Union in Latin America and the Caribbean, and Edward A. Gaskin, Assistant Regional Director. I believe we can stay within the time frame. We have a brief statement.

We are appearing on behalf of the National Maritime Union, which represents approximately 7,000 workers in all phases of the operation in the Canal Zone. These members are spread throughout the Panama Canal Company, Canal Zone Government, Department of the Army, Navy, Air Force and the Armed Forces Non-Appropriated Fund activities. These workers are employed in practically

every bureau. We have enumerated here the Marine Bureau, the Civil Affairs Bureau, the Health Bureau, the Engineering and Construction Bureau, the Supply and Community Services Bureau, the Transportation and Terminal Services Bureau, and the Personnel Bureau.

We must again express our appreciation to you for taking time from your busy schedule to come here and hear us and the various problems.

Many improvements have been made over the past few years in the labor-management area as to equality of treatment and recognition for all workers. While we have some continuing problems, none, however, compare with our concerns generated by the "List of Assurances" for present employees of the Panama Canal Company/Canal Zone Government which are being considered for inclusion in a new Panama Canal Treaty.

We have not in the past, nor do we intend to now, take a position on the Canal Zone treaty negotiations. Our position has continually been to do what we can as a labor union to look out for our members and leave the treaty negotiations to those expert in that field. Therefore, the following comments are not intended to reflect on the treaty per se but to what labor guarantees for the protection of all Canal Zone employees are contained therein.

It is our understanding that these enumerated assurances are a minimum and that they have not been finalized and are not all-inclusive. It is our further understanding that no formal, comprehensive agreement has been reached to date on these issues between the United States and the Republic of Panama.

The largest group of employees outside of the Canal Zone Company/Canal Zone Government, those that work for the Defense establishments, are not mentioned in this list of assurances. This omission leaves us with the hope that their existing system of pay and employment will remain the same. Since the 1955 Treaty of Mutual Understanding and Cooperation between the United States and the Republic of Panama, the non-U.S. citizen workers' wages have been adjusted upward to more closely equate with the U.S. citizen worker. This gave recognition, among other things, to the fact that from the very outset there was established throughout the Zone and in the terminal cities of the Republic a United States cost-of-living economy. Today the City of Panama is the second highest cost-of-living city in the world.

To move backward to the time where the discriminations and unequal treatment existed would benefit no one. Again, we repeat our hope that this group of employees' omission from the list of assurances is an indication that there will be no change there.

Our understanding of these "assurances" for the employees covered is hampered because they are extremely vague and obscure, thereby unclear as to their meaning and how they will be implemented. For example, what is the meaning and intent of "to the extent consistent with sound management"?

The explanation that these "assurances" will provide the employees with an understanding of the minimum level of benefits and protections being sought is extremely disturbing because they once again establish two classes of employees, each with different bene-

fits and protections. Through all of the vagueness, this point comes through very clear.

The unequal treatment which had been perpetrated in the Zone between U.S. and non-U.S. workers since the very beginning is the basis for the many ill-feelings that exist and the confrontations that have occurred. To attempt to continue these discriminations through treaty arrangements leads us to the belief that their inherent injustices were not recognized. All employees, regardless of nationality, on the Canal Zone Company/Government payroll at the time of any new treaty should be covered and protected equally. This can be accomplished either administratively or through implementing legislation that is agreed to by both parties to the treaty. If one segment of the employees can be protected, then all of the employees can be protected. All that is necessary is the desire to do so.

The NMU has been, since its arrival in the Isthmus, committed to seeking equity in treatment for all workers in the Zone. In our continuing effort, we have been assured by all concerned that all Canal Zone workers would be fully protected under any new Panama Canal treaty. We were further assured that these protections would, among other things, extend the continuation of the existing wages, fringe benefits, working conditions and labor guarantees.

When President Shannon Wall of the NMU met with General Torrijos in February of this year, his assurances regarding protections for all workers were more gratifying than the so-called fifteen. We must, therefore, question where the decision to treat citizen and non-citizen employees differently came from.

Our suspicions become more acute when we remember the efforts to get the U.S. minimum wage coverage for non-U.S. citizens and how much more difficult it was because of the opposition by some within the Department of the Army and the Canal Zone management.

It is most obvious to us now after reviewing this List of Assurances that it is absolutely essential that a labor representative be appointed to the treaty negotiating team not only to assure that adequate labor protections are included but that they are extended uniformly to all workers. We have prepared ourselves in anticipation that labor would be invited to participate in these negotiations.

When these treaty negotiations first started, the AFL-CIO established a Canal Zone AFL-CIO Committee on Panama Canal Treaty Negotiations to develop the conditions which should prevail for the workers engaged in Canal operations and related activities. The NMU participated in the development of these labor guarantees. It was then and still is our wish, as it is of the AFL-CIO, that these conditions be made a part of any treaty covering the Canal Zone.

In capsule form these guarantees would cover:

- 1) Employees whose jobs would be eliminated.
- 2) Employees who would continue to work for the reorganized Canal function.
- 3) Employees who choose not to work for the restructured Canal organization.
- 4) The recognition and development of the principles of collective bargaining.

In conclusion, we shall mention two items that are outside of the treaty negotiations that we ask and request your help on:

Continued inclusion in this year's minimum wage legislation for all workers in the related activities in the Canal Zone.

The second is enactment of H.R. 1355. This is legislation introduced by Congressman Frank Thompson that would extend the Service Contract Act to the Canal Zone. Currently, the employees of private contractors within the Zone are not covered by the labor laws of the Zone or of the Republic of Panama. Because of this, these workers only receive minimum coverage under safety and accident prevention requirements imposed by Canal Zone authorities and coverage under the Fair Labor Standards Act.

Enactment of H.R. 1355 will help correct this situation.

We thank you, Mr. Chairman. That concludes our statement. We will attempt to answer any questions that you and the Committee may have.

Mr. METCALFE. Does Mr. Lioeanjie or Mr. Gaskin wish to make a statement at this time?

Thank you very much, Mr. Simpkins, for your very fine statement. I would like for you to elaborate a little on your request that labor's representatives be a part of the negotiating team. Is that structurally possible as the negotiations have been proceeding, and will continue to proceed, for your request to be granted. What reaction have you had? Have you expressed this desire prior to this testimony?

Mr. SIMPKINS. Yes.

Well, we have had regular meetings of the AFL-CIO on this subject. In an executive council meeting in Miami in February of this year, President Meany expressed that desire after a group of the unions representing the workers here in the Zone had appealed to him for help in that area.

The fact the negotiations have been going on for some time we do not think would handicap us in terms of catching up.

Mr. METCALFE. With respect to the negotiators, have you gotten any reaction as to how they interpret your request? I think it is a reasonable request. I am talking about the possibility of adding to the team a labor representative. Would that disrupt this flow of the negotiations now?

Mr. SIMPKINS. It would be our thought we would only concern ourselves with these labor guarantees and therefore not really interfere with the basic treaty.

Mr. METCALFE. I understand that, yes.

Mr. SIMPKINS. We have, over the years, since the treaty negotiations first started, or particularly prior to Bunker becoming the ambassador to handle these, we met almost on a monthly basis with the negotiating team, and expressed to them our desires and went into detail as to the enumerated labor guarantees that we were seeking.

Mr. METCALFE. Assuming that your request is not granted, do you feel that our negotiators, especially Ambassador Linowitz who has been added to the team, can express these points that you have mentioned in your paper? You would rather be there yourself, would you not?

Mr. SIMPKINS. We would rather be there, yes.

Mr. METCALFE. You haven't fully answered my question yet.

Mr. SIMPKINS. No. We would feel much more comfortable if we were there because, as I said earlier, at one time we met almost on a monthly basis with these people and then all of a sudden they disappeared and just recently we have picked up contacts with them again but nowhere near to the degree that we would like.

We think that if we had someone there, they could more clearly explain what we had in mind for the protection of the workers.

Mr. METCALFE. I think it is certainly worthy of consideration.

Who would be the proper authority to issue a list of assurances to the employees of the Defense Department in the Canal Zone?

Mr. SIMPKINS. Well, I would definitely think the stockholder, the Secretary of the Army, and the Governor.

Mr. METCALFE. Do you seek such a list of assurances?

Mr. SIMPKINS. Yes, we do.

Mr. METCALFE. Do I understand that the recommendations of the AFL-CIO do not make a distinction between U.S. and Panamanian citizens?

Mr. SIMPKINS. They do not make that distinction.

Mr. METCALFE. I am going to refrain from asking too many questions because of the time frame. Both the Members of Congress are on their first visit to Panama, and I want to make certain that they and staff have an opportunity to ask some questions. I will first yield to the gentleman from New York, Mr. Leo Zeferetti, for any questions he may wish to ask the panel.

Mr. ZEFERETTI. Thank you, Mr. Chairman.

Gentlemen, yesterday we of the delegation had an opportunity to meet with the Ministry Office of the Panamanian Government. One of the things that I inquired about during our conversation was the question of the assurances and the question of labor and the people. The people should have some sort of input and communication with the government. The Ministry Office informed us that they had just formed a new office which would communicate with the labor unions at their request. This office will go over some of the conditions of the negotiations and at the same time opening up avenues of communication. If that is true—and you are shaking your head, therefore I would assume that is true—then I find that to be rewarding because in one sense we are getting certain things done that our own persons are not, and that is information.

What concerns me most is the fact that those unions that were contacted have not agreed with the assurances. I would like you to comment on this.

Mr. SIMPKINS. Rene attended a meeting with General Torrijos when Shannon was here in February.

Mr. ZEFERETTI. The unions disagreed with the assurances.

Mr. LIOEANJIE. With the 15 points? Yes, we do disagree on them.

Mr. SIMPKINS. You are speaking of the assurances from the Republic?

Mr. ZEFERETTI. Yes. No, excuse me. The fifteen points that were laid out by the Governor's office for the treaty.

Mr. LIOEANJIE. Yes, but we do disagree with the 15 points. We made that clear to the people assigned by the General to form this

committee. We believe that since 1903 the non-U.S. workers have been subject to discrimination. We have established here in the Zone an American company, so all of the employees should be protected by the United States. These 15 points, especially number 12 and 14, show clearly they want to go back and have two standards, one for the U.S. citizen and one for the non-U.S. citizen, and that's the reason we are saying that whatever is covered, it must be covered all the same. Otherwise you go back to the gold and silver statement.

Mr. ZEFERETTI. Was there ever an attempt made by the unions to get together with the Governor, to go over some of these things prior to their release, or is there any protection under your collective bargaining agreements? We are supposed to have some sort of latitude here and we are supposed to have some sort of communication between us before you put anything forward.

Mr. LIOEANJIE. Let me call this to your attention. We don't have collective bargaining we just have recognition. The Governor always calls us in for consultation. However, what he tells us is limited, until not too long ago, when he came up with these 15 points.

Mr. ZEFERETTI. And now you are advocating that you also sit in on the treaty negotiations in order to fulfill some of those obligations.

Mr. LIOEANJIE. Right.

Mr. SIMPKINS. There was almost a period of 11 years when we heard from absolutely no one as to what was going on in terms of these negotiations, as they would eventually reflect on the workers here.

Mr. ZEFERETTI. That is pretty much what we have been hearing since yesterday and today, that nobody gets told anything. I just want to tell you that since I also sit on a subcommittee with Chairman Dent on the minimum wage and I will take that message back, and make sure we take a look at it. Again, I welcome you and appreciate your testimony. Thank you very much Mr. Chairman.

Mr. METCALFE. We are very happy to have with this delegation Congressman Elwood Hillis, who is a member of the Armed Services Committee. I now recognize the gentleman from Indiana.

Mr. HILLIS. Thank you, Mr. Chairman. I appreciate your statement very much. Since our visit here, particularly in the hearings of yesterday, we heard of certain fears that people in the Zone have, and reports of violations of human rights generally in Panama, such things as exile, disappearance of persons, and so forth. As we look forward in the future to the Republic taking control of the Zone and the Canal, do you feel that your organization will be able to continue operating as a free trade union, both collectively and as to individual members? Will your organization continue to be viable and be able to exist and do what you are doing today?

Mr. SIMPKINS. We believe so.

Mr. LIOEANJIE. This guarantee has been given to us several times by General Torrijos. And we do believe we will be able to operate as freely as we do now, no question about it.

Mr. HILLIS. In the Panamanian economy—I am not familiar—do you have collective bargaining? Are there free labor organizations, a free labor movement?

Mr. LIOEANJIE. Yes, we have.

Mr. HILLIS. It is not different from what we know it in the States?

Mr. LIOEANJIE. The same principle as the States.

Mr. HILLIS. If these guarantees have been made, you will be able to function much as you do now?

Mr. LIOEANJIE. Yes.

Mr. METCALFE. Next, the Majority staff member, Mr. Terrence Modglin.

Mr. MODGLIN. Thank you, Mr. Chairman. I just have two very quick questions. Following up on Congressman Hillis' statement and questions, there is one piece of legislation that is before the Panama Canal Subcommittee right now which deals with the Smithsonian Institution and the Canal Zone Biological Area. The Biological Area has a contractual arrangement with the Panamanian Government which it feels will protect it under any new treaty arrangement. My question: Is there any contractual arrangement that exists between the National Maritime Union and the Panamanian Government at the present time?

Mr. SIMPKINS. No.

Mr. MODGLIN. My second question is this: Does the National Maritime Union support all aspects of the so-called labor annex that was drafted in 1971?

Mr. SIMPKINS. Yes.

Mr. GASKIN. May I say that you will note that the AFL-CIO list of assurances protections for employees, that they are also asking that as part of the labor annex that the continued recognition of the labor unions here for these employees will continue during the effect of the treaty. In other words, we are asking that this also be included in the annex. So I believe that we have a double-barreled protection as far as continued treaty operation here.

Mr. METCALFE. The Minority staff member, Mr. Nick Nonnenmacher.

Mr. NONNENMACHER. Thank you, Mr. Chairman.

I note your concern for what you call the continued maintenance of two classes of citizens, as it were. Can you comment on the problem that the United States Government faces in trying to do something for the members of your unions who are actually Panamanian citizens who, under the Republic of Panama's control, would be still Panamanian citizens?

I pick up different reflections of this problem here. If we at this point try to give guarantees for people who will be shortly coming into the complete control of their government, should Panama take the Canal Zone and waterway's control, doesn't that put us in the position of trying to create, or perpetuate perhaps, a second class among only Panamanians? You mentioned very pointedly the existing problem, that the United States economy has forced itself on Panama City by virtue of the American dollar and all that goes with that. I think you see the drift of my question. This situation does exist. Is there any way around that? Can the United States really guarantee anything for the Panamanian employees who by citizenship are already bound to Panama's laws in the first place?

Mr. SIMPKINS. It would be a mutual agreement by both parties in the treaty. Therefore, it would not have the appearance or in effect be an imposition on one of the two parties in this treaty.

Mr. NONNENMACHER. May I interrupt your answer, which I appreciate? I should preface this by saying that my chief concern has been, and that of Congressman Snyder, frankly, not what happens during a continuing treaty but what happens from the termination date. After that.

Mr. LIOEANJIE. I thought that's what you meant. You have no control after 25 or 30, 40, or maybe 20 years after you turn control of the Canal over to Panama.

Mr. NONNENMACHER. None, you mean no American control?

Mr. LIOEANJIE. No American control. Until control is given over, everyone must be treated equally. That is the responsibility of the American Government.

Mr. NONNENMACHER. Do you treat that as a question to be addressed when that time comes?

Mr. LIOEANJIE. Yes.

Mr. GASKIN. May I say that we have no problem, because even the chief negotiator for Panama agrees that in Panama we have precedents for this in that when they took over Fuerza y Luz several years ago these employees were making a much higher wage scale than the average worker in Panama on the labor code and special legislation was passed by Panama to give these people continued protection of all they had won over the years under the kind of enterprise they were in. So we are saying that these workmen who are in the Canal Zone can be given good protection providing both governments agree. And any administrative setup or labor laws or combination of labor laws as agreed upon by the two parties will remain in effect during the life of the treaty, and we have been given adequate assurance from them that they will go along with this, and we hope that from the American side they will also go along with this. That in this way we believe that all the employees, regardless of citizenship, can be protected equally.

Mr. NONNENMACHER. Mr. Simpkins, we are aware of the fact that the labor movement is one of the key targets for Communist penetration throughout the world—in the United States, Costa Rica, Bolivia, what-have-you. Would you care to comment on the extent of Communist penetration in the labor union movement on the Isthmus, either in the Zone or in the Republic, or both?

Mr. SIMPKINS. All right. Rene could tell you that because he has been here and is very active in just about everything.

Mr. LIOEANJIE. I have not noticed any penetration of Communists in the labor movement. Maybe I have not looked for that penetration in Panama. You must understand that the National Maritime Union represents many percents of the Panamanian labor force in the Canal Zone. We are not a local. We are a division of the National Maritime Union. So we can't answer your question.

Mr. NONNENMACHER. We know there is Communist penetration in the American labor union movement. That was the purpose of my question. You certainly consider it minimal if they are there at all.

Mr. LIOEANJIE. If they are.

Mr. SIMPKINS. As a matter of fact, the history of the National Maritime Union contains a very large chapter about how they fought the Communists out in the fifties. They had physical

takeovers and taking over buildings as well as people. They had a struggle.

Mr. NONNENMACHER. I am aware of that. There is no question but that people in the labor movement are as cognizant of the dangers of Communist penetration as any single group in the world. I wish more businessmen were aware of it. Thank you, Mr. Chairman. That is all.

Mr. ZEFERETTI. Will you yield for one further question?

Gentlemen, one of the things we heard yesterday too from the U.S. Citizen Council group who were present, was that we had an apprehension because of the change of jurisdiction from the traditional U.S. system. The criminal justice system that you have here, versus what would be a reality if in fact this treaty goes into effect. I would like you to comment on the Union's reaction to that and on your members' reaction. Because there seemed to be a great deal of fear that once the U.S. judicial system left, they would be in the hands of someone they could not cope with.

Mr. LIOEANJI. You must bear in mind that the National Maritime Union represents 98 percent non-U.S. citizens. But what you are referring to, I can't see no—I don't see no problems with that. All over the world you have bases and American citizens work on these bases. They have operations on these bases. And they fall under special status of forces agreement. So I don't see any problem with it. As I said before, we represent 98 percent non-U.S. citizens, those residing in Panama and a small percentage in the Zone. I don't see any problem.

Mr. METCALFE. The Merchant Marine and Fisheries Committee, recognizing the great importance of the treaty negotiations, has brought onto the staff a consultant in the person of Mr. Bernard Tannenbaum. We are happy to have him here to assist us in these very crucial times.

Mr. Tannenbaum, do you have any questions that you wish to ask?

Mr. TANNENBAUM. Well, the one thing I am most concerned about is whether are you concerned about a third level of disparity by virtue of the treaty consummation, if and when one is consummated. In other words, will not the new Panamanian employees who come into a new Canal entity create a third layer of disparity in conjunction with the existing employees who are Panamanian citizens and those who are U.S. citizens?

Mr. SIMPKINS. That is at the date of the treaty, as to whenever they would take over? We hear the years 1990 and the year 2000. What would happen after that?

Mr. TANNENBAUM. Well, I know there is a lot of concern that there will be some displacement of employees by virtue of the treaty and assuming that is the fact, these new employees from Panama, would they come under the protection of the minimum wage levels that you have now achieved for yourself or would they come in under the minimum wage levels of the local Panamanian economy?

Mr. SIMPKINS. We would anticipate they would all be treated the same, regardless. We cover that—the AFL-CIO position paper on this covers this very well, as to those leaving, those staying, and

those who wish to leave and those that are fired and those that stay. And then also the establishment of collective bargaining which we feel we could handle, could handle a good deal of that problem through that mechanism.

Mr. TANNENBAUM. You are not concerned with this issue them?

Mr. SIMPKINS. Not immediately.

Mr. TANNENBAUM. You don't believe this is a major issue?

Mr. LIOEANJIE. As we mentioned before, the Canal is going to continue to operate under U.S. jurisdiction for how many years they decide. We believe that the new employees who will be working for the Canal entity, United States Government employees, should get the minimum wage. But as long as they are employed by the U.S. Government—in other words, we don't want to see employees of the Canal leaving through attrition and other employees being hired under a different wage. We consider that they must have the same wage.

Mr. METCALFE. Any other questions? Thanks very much, gentlemen. We appreciate it. A pleasure always. Next we have the American Federation of State, County and Municipal Employees, Local 900.

Mr. MAUGE, will you introduce those who are present with you, and you can give us briefly the format. Are you going to make the total presentation? Will the others make presentations or will they be there to strengthen you, since you need so much strength? I say that facetiously.

Mr. MAUGE. Right. The gentlemen here present along with me are Mr. William H. Sinclair, who is the Area Director of the American Federation of State, County and Municipal Employees, AFL-CIO. On my right we have Mr. Robert S. Goldson, who is a Vice President of the Pacific Region of Local 900, and yours truly, Saturnin G. Mauge, President of Local 900.

STATEMENT OF LOCAL 900, AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES, REPRESENTED BY SATURNIN G. MAUGE, PRESIDENT; ROBERT S. GOLDSON, VICE PRESIDENT, PACIFIC REGION; AND WILLIAM H. SINCLAIR, AREA DIRECTOR

Mr. MAUGE. On behalf of the 3,300 employee-members of the Panama Canal Company-Canal Zone Government which our organization, Local 900, American Federation of State, County and Municipal Employees AFL-CIO represents, we extend warm greetings and welcome to you and the members of your subcommittee. We welcome another opportunity to appear before you to ventilate a few important concerns which affect our membership. Specifically, there are (1) the list of assurances for present United States citizen and non-United States citizen employees of the Panama Canal Company-Canal Zone Government which is derived from the United States position, and (2) the proposed amendment of the Fair Labor Standards Act to establish a \$3.00 minimum wage.

Article Five of the Eight Principles for the Negotiation of a New Panama Canal Treaty between the United States and Panama signed by Secretary of State, Dr. Henry A. Kissinger and Foreign

Minister Juan Antonio Tack on February 4, 1974, states “. . . Article 5. The Republic of Panama shall have a just and equitable share of the benefits derived from the operation of the canal in its territory. It is recognized that the geographic position of its territory constitutes the principal resource of the Republic of Panama . . .”

The Honorable Ellsworth Bunker in a letter dated February 7, 1974 to Governor David S. Parker states, “. . . The Secretary and I fully recognize the vital contribution that employees of the Zone and Company are making to the continued efficient operation of the Canal, and are attentive to the need to treat these employees fairly and judiciously. Appropriate arrangements will be made to ensure that their rights and interests are safeguarded. Whatever the changes agreed upon in the final treaty that will affect employees, they will take place over a period long enough to obviate or minimize personal hardship . . .”

The references alluded to earlier were cited to focus attention on the inadequacy and prejudiced nature of the assurances for present employees of the Panama Canal Company-Canal Zone Government under a new Panama Canal Treaty as 80 percent of the workforce comprising of Panamanians and other nationals find that hardly anything substantive in terms of wages, working conditions and fringe benefits are guaranteed by these assurances for them. The assurances, if accepted as written by the Panamanian negotiators, will legalize discriminatory practices in labor-management relations which were prevalent in the Canal Zone before the 1960's. Our organization in its twenty-seven years of existence has been waging a constant battle for equality in terms of human dignity and recognition that all employees of the Canal enterprise should be treated fairly and judiciously. The assurances, instead of providing the minimum level of benefits and protection for all employees, are parochial and selfish in their nature and scope. Thousands of dedicated and loyal Panamanians and other non-U.S. employees of the Panama Canal Company-Canal Zone Government who were given assurances in previous pronouncements about their job situations now find their futures are pawns at the negotiating table. We believe the Panama Canal Company-Canal Zone Government, by the nature of its structure, operation, and longevity, must continue to treat its employees alike. It cannot, at this stage of the game, abandon some of its employees under the guise of nationality or political expediency. Hundreds of loyal employees have become demoralized, depressed, and forlorn because they erroneously thought their employer would have protected them during the storm. Today, they find themselves as the emperor did with new clothes. It is not too late to correct this anomaly. Our organization is meeting with the Panamanian negotiators to insure that all employees will be treated with equity and justice. We believe the Company-Government should do likewise for all its employees without regard to nationality, sex, race or creed.

Our second concern is to seek support of the members of the Subcommittee on Merchant Marine and Fisheries in promoting legislation that will increase the Federal minimum wage to at least \$3.00 an hour. As the members of the subcommittee are aware, the

wage structure of the Panama Canal Company-Canal Zone Government is based either on the Federal minimum wage of \$2.30 an hour for employees whose recruitments are locally derived, or the General Schedule rate for employees whose recruitments are from the continental United States. As more Panamanians aspire and obtain higher paying jobs, their overwhelming numbers negate and jeopardize their ability to receive comparable pay like their United States counterparts doing the same jobs for a Federal agency in Continental United States. Hence, it behooves the native worker to continue to earn a wage, i.e., the Federal minimum wage, that is consonant with modern living in our highly technological community. The Canal Zone workers are sophisticated by the nature of their employment skills and aptitudes in promoting an operation that has extra-efficiency, the Panama Canal. The standards of living of the employees must continue to rise. These employees should share in the benefits the Canal derives. One way to guarantee this aspect is through a higher minimum wage. For this reason, we ask your consideration and support in promoting this piece of legislation as the welfare of the families of these workers is within your bailiwick.

We wish to thank the members of the subcommittee for another opportunity to apprise them of the concerns and aspirations of Canal Zone workers.

We quote from Henry Wadsworth Longfellow's "Hope", a fleeting thought,

"What else remains for us?

Youth, hope and love.

To build a new life on a ruined life,

To make the future fairer than the past,

And make the past appear a troubled dream . . ."

Thank you again for your attention and interests.

For the Executive Board of Local 900, Saturnin G. Mauge, President.

Mr. METCALFE. Thank you very much. I think you set some sort of record for brevity, Mr. Mauge. My first question is do you support the AFL-CIO recommendations on treaty negotiations?

Mr. MAUGE. Yes, sir, we do, with some modifications.

Mr. METCALFE. I'll get into those modifications. Do you find any positive aspects in the 15 assurances that were issued?

Mr. MAUGE. Yes. I think Number 10. Number 10 was the only one that speaks of all eligible employees?

Mr. METCALFE. Would you read Number 10?

Mr. MAUGE. Yes. Number 10 says this: "All eligible employees are guaranteed by current regulations, reduction-in-force and reassignment right, transfer of function rights and discontinued service retirement following involuntary separation.

"In addition, the Civil Service Commission will be requested to grant approval of and/or all waivers for "early optional retirement" or liberalized severance pay coverage for employees of Canal enterprise activities which are scheduled for elimination, reduction or transfer.

"Employees whose working conditions are so adversely affected by the treaty that special consideration is appropriate may also be included in this commission request."

Now, this is the only article in the 15 assurances where there is not the specificity of having either Panamanian or U.S. citizens. And that is our complaint. Our complaint is that the labels should not have been omitted and the word "all"—

Mr. METCALFE. Should not have been omitted, did you say?

Mr. MAUGE. I said the labels that they have used of U.S. citizen should be eliminated and the word "all" should have been used.

Mr. METCALFE. That is a recommendation of which I think we will all be mindful and cognizant.

Now, having said that you do support the AFL-CIO recommendation on treaty negotiations, with some modifications, and having known of the great causes that you have espoused so eloquently and intelligently over a period of years, in seeking what you consider is just and fair treatment, I want you to know that we have heard during this particular visit, and it has been stimulating to us, that the Panamanian Government and, to a great degree, the Panamanians who live in the Zone, as well as the U.S. citizens, are now talking in terms of oneness.

I refer you historically back to the building of the Canal, when we started out on a very discriminatory basis by paying the U.S. citizens in gold and paying in silver the Antilleans and those who came in and who were able to withstand the heat and the malaria in order to build this world wonder. Most people have minimized that contribution. I mean, people talk about the money of the United States. They say if it hadn't been for the money and the engineering and expertise of the U.S., the Canal would not have been built.

I contend that without the Antilleans who actually did the laborious work, the Canal would not have been built, even with all of the experts and money.

Now we are seeking a goal, a goal that our President has been talking about in terms of human rights, of oneness of all the people in the Canal Zone and in Panama. But I notice that on page 2 you still have some doubts and some rather strong language, too, in regard to assurances. You say if the double standard is accepted as written by the Panamanian negotiators, "it will legitimize discriminatory practices and bring back labor-management relations which were prevalent within the Canal Zone before the 1960s." You further say "Our organization, in its 27 years of existence, has been waging a constant battle for equality in terms of human dignity and recognition that all employees of the Canal enterprise should be treated fairly and judicially. And these assurances, instead of providing the minimal level of benefits and protection for all employees, are parochial and selfish in their nature and scope."

Now would you please elaborate and would you please try to bring some clarification to that point? You are unhappy, or am I reading this wrong? Am I interpreting this wrong? If you still have not achieved your goal, how do you propose that your goal be accomplished?

Mr. MAUGE. What we are saying in synthesis is this. We feel that the assurances that were given should be given for all employees. The reason why the statement is made to discriminatory practices before 1960 is the fact of the situation that you spoke about of having the nomenclature of "separate but equal" philosophy here.

Now we feel the assurances that are given here, if accepted as written, would mean that we would be agreeing with the U.S. Government of treating the U.S. citizens as a special class. This is something that I have had to live with as a boy and I continue, even as a man, to feel I am a second-class citizen. I resent this. I resent it openly and I think the average Panamanian worker resents that. He would like to be treated as a human being. Let me put it in these simple terms. He thinks whatever the other man has, he should have. These assurances are wonderful in terms of the specific people that they are protecting. But what happens to the other guy?

Take it percentagewise. Eighty percent of your work force are Panamanians, yet there is a list of assurances that comes out here that gives almost blanket coverage for the 20 percent.

Now the 80 percent says to themselves "but after all, I know I am a Panamanian citizen. I live in Panama; I have loyalty to Panama but I also have loyalty to the U.S. Government, and many times I have had to undergo a lot of hardship in order to protect the interests of the Panama Canal Company. Why am I not protected? Why could not an assurance be where a mutual agreement could be made that all employees, whether that person is a U.S. citizen or that person is a non-U.S. citizen, is protected?" This is the thrust of our complaint.

Mr. METCALFE. Thank you.

Mr. SINCLAIR. I would like to make a few comments for the committee.

First, because of our international union structure here (in the Canal Zone) we have two local unions. One representing Panama Canal Company employees and one representing U.S. Armed Forces employees. So, for the record, we would like you to know that our membership encompasses the entire Defense Department structure here, including the Canal administration. I was asked yesterday by our treasurer, Mr. William Lucey, to submit to you a letter which—

Mr. METCALFE. I have the letter.

Mr. SINCLAIR. I won't read it again, but I just wanted to let you know that he wants to go on record making it clear that all the AFL-CIO people are not going to tolerate anything less than equality.

In addition to this, now, I want to bring to the attention of your committee something I don't think we're really focusing on, at least I have not heard it yet. The problem is before us. The problem before us is that whether we like it, or not like it, we have a United States' State within the State of Panama, and with this we have United States laws, Federal laws, decrees, et cetera, which can be applied.

The way I understand it, and I might be wrong, but if I am wrong you can please correct me—the way I understand it we are—whatever we have now is based on one word: jurisdiction.

The political jurisdiction of the United States provides what we have now. The way I understand it, the point of jurisdiction is no longer an issue. The jurisdiction, the political jurisdiction over this territory will be in the hands of Panama, not at the end of the treaty, but at the beginning.

And at the beginning of this treaty, when we get this political jurisdiction question in operation, it will be an entirely new ball game. Because a number of the things that we would like to hold on to here—let's face the facts of life—are incompatible with the facts on political jurisdiction.

And with that, even in the operation of our union. Let no one fool anybody. There are not going to be United States unions here such as we have today. The AFSCME does not have in its own constitution the authority to organize outside the continental jurisdiction of the United States. Consequently, if a treaty is signed, if we have political jurisdiction tomorrow, AFSCME will have to restructure its organization in the Canal Zone or Canal area.

I see ourselves working here not as an integral part of the AFSCME, as we do now, through direct contact with Washington (because this will not be under U.S. jurisdiction) but rather, through the Public Services International Secretariat, which is a worldwide group of public workers. Our own constitution would have to be amended. Any other U.S.-based union here will have to go through the same process. What cannot be accepted by Panama, without amending its own constitution is the right of foreign unions, including mine, to operate within its jurisdiction as we operate today. So that's another situation we have to cope with. The way we see it again, this question of political jurisdiction will cause a restructuring of wages and benefits. We asked in one of our meetings with the Panamanian negotiators, that suppose somebody advises us, by reading the papers, that there has been a 10-percent increase in the United States, and we went before this committee—call it what you will, the Board of Directors of the new entity—5-4, with the majority ratio U.S., and we go before them and say we want a 10-percent increase. We say we heard about this 10-percent increase, we got a telegram, we got a call from headquarters, from London or someplace, we read it in the papers. And my question to them is: What does the United States of America say this time? They would probably say "We have the sources." What does Panama say? Well, we would not identify the sources the same way. It could not be read that way. We could not even identify it by saying "in the United States there has been a 10-percent increase, we have the right to demand this obligation here," because the question comes up—"how?" The negotiators brought out that this enterprise will be similar to another United Brands enterprise. This United Brands is under Panama jurisdiction. It comes under Panama's laws. The negotiators of that union cannot go into the Company and say, "because in Massachusetts or in Boston or wherever the headquarters is located today, there has been a wage increase, we demand one." No, they have to get in there and fight it out based on whatever we have locally. They use the term "United Brands." We use the term "U.S. enterprise within the scope of another country's jurisdiction, which is what this term 'editing' may mean." We talk about a mini-code made up of extractions of laws or regulations, paralleled to what we have now under the United States structure, and certain extractions from the Panama Labor Code. The fact still remains, gentlemen, that if we get a mini-code, that mini-code will be subject to the concept of the Panama Labor Code. Unless our

story is wrong, and everything else, this is what we're heading into. And I think that unless we realize this, we will not be doing ourselves a service. This is where we stand today. And whether they are citizens of the United States, or Panama, whoever works for this enterprise will be under that. We have been told, we have been assured, that the military, based on their overseas status-of-forces agreement, will have this separation. U.S. citizens will be U.S. hires, continuing as if nothing will happen to them. They will rotate as they rotate around the world today. But the non-U.S. citizens of the military will come under the local prevailing conditions which they are saying depends upon whatever the entity agrees to. And this entity, the way we understand it, cannot be anymore a U.S. Federal personality once the issue of jurisdiction is clarified. So this is an entirely new ball game. We are prepared to play it. And we have said before that with the management of the Panama Canal Administration, as it is now, our local unions, fighting with all their resources, have made some advancements under that system. We are saying now maybe the Panama Code is no good either. We don't know. But we are going to use it. And if this mini-code comes in, we are going to use that, too. It's a new ball game. I stop here for any questions you may want to ask.

Mr. METCALFE. Thank you very much, Mr. Sinclair.

Let the record show unless there are objections that the letter that was addressed to you will be entered into the record at that time.

[The information referred to follows:]



AFSCME

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April 12, 1977

Jerry Wurf
President
William Lucy
Secretary-Treasurer
Vice Presidents

The Honorable Ralph H. Metcalfe
Chairman, Subcommittee on the Panama Canal
Merchant Marine and Fisheries Committee
US House of Representatives
Washington, D. C. 20225

Dear Mr. Chairman:

The general policy of the American Federation of State, County and Municipal Employees, AFL-CIO has always been to support its Canal Zone affiliates in their efforts to attain equality for all employees in all aspects of labor-management relations.

Messrs. Jerry Wurf, International President; and William Lucy, International Secretary-Treasurer of our Federation, have asked me to convey to you and your Subcommittee that this continues to be our overall policy.

Accordingly, we strongly urge all US government federal agencies in the Canal Zone to adhere to the concept of equality for all employees, rather than promoting or agreeing to separation of personnel policies which would be tantamount to the legalization of discriminatory labor-management relations.

Mr. Lucy attended a meeting held recently at AFL-CIO headquarters where he, in behalf of our Federation and its Canal Zone affiliates, underlined our inflexible position on this score.

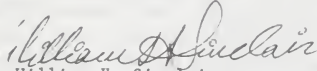
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Berlin, Conn.
Rev. Albert B. Blatz
St. Peter, Minn.
Jerol L. Brown, Jr.
Sacramento, Cal.
James A. Broyer
Boston, Mass.
Earl S. Burkland
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James B. Corbett
New York, N.Y.
Ernest B. Crofoot
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Charles L. Hendrix
Toledo, Ohio
Salurnin G. Mause
Canal Zone
Gerald W. McEntee
Harrisburg, Pa.
Larry McKibben
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Walter L. Oliver
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Earl Stout
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Honolulu, Hawaii
Maynard White
Houston, Texas
Joseph R. Zurlo
New York, N.Y.

the union that cares

- 2 -

Consequently, National AFL-CIO is also cognizant of our view and cannot but advocate a similar position for all its members in the Canal Zone, without regard to nationality.

Very truly yours,


William H. Sinclair
Area Director

WHS/dms

cc: AFSCME
Local 900
Local 907

Mr. METCALFE. I would like to make a correction for the record. I think I mispronounced the word Antilleans. I want to be sure the record reflects that.

I believe that our conferences with the Panamanian Foreign Ministry that we were assured that the rights and the benefits may have implications on jurisdiction. I only say that to indicate to you that we are moving in the direction that had been presented to us at this particular time by Mr. Sinclair, which is very important. We don't minimize the importance of it.

I have no further questions. I would like to now recognize the gentleman from New York, Mr. Leo Zeferetti.

Mr. ZEFERETTI. Thank you, Mr. Chairman.

Does the union have a collective bargaining agreement?

Mr. MAUGE. No, we haven't.

Mr. ZEFERETTI. How do you function?

Mr. MAUGE. Advise and consent. And advise means consenting before you're advised.

Mr. SINCLAIR. We just say yes, sir; no, sir; and so on.

Mr. ZEFERETTI. Let me make a correction for you. The minimum wage legislation is before the Standing Labor Subcommittee and it is in the Education and Labor Committee and not in the Marine and Fisheries Committee.

Mr. MAUGE. We know that. We are asking your support.

Mr. ZEFERETTI. How many people do you have who are working at the minimum wage level here now?

Mr. SINCLAIR. I couldn't say exactly. Someone could answer that. But it's a great percentage of the workforce.

Mr. SIMONEAU. The minimum wage affects the lowest grade levels adjusted up to the minimum wage, and the higher wage grades are added onto that. I don't know exactly how many people work at the lowest wage.

Mr. SINCLAIR. But, sir, may I just add here, we do know, of course, that it affects the great majority of the non-U.S. work force.

Mr. ZEFERETTI. Have you seen the legislation itself that was put together—that was introduced by Chairman Dent?

Mr. SINCLAIR. We haven't seen the text of it, but we have heard of it.

Mr. ZEFERETTI. If you like, we will send you copies so we can get your comments. I would like to relate back to some of the things we have talked about here—discrimination. Discrimination has been brought up in about three different ways. Do you find it discriminatory in any other way rather than just non-U.S. citizen/U.S. citizen? Do you have problems with it in any other way?

Mr. SINCLAIR. Well, I think discrimination starts there. It's based on the question of nationality.

You see what we have here, gentlemen is—I read sometime ago where in the States, "in the South, they love the blacks but they hate the race. In the North they love the race, but they hate the blacks."

You have a situation here where it begins with nationality. They have discrimination everywhere in the world but here in the Canal Zone you will see a white man and a black man drinking together, and this is common. So the answer is yes and no. Discrimination—it

exists—just the same as any place in the world and we are not naive enough to believe it will ever be eradicated from here.

Mr. METCALFE. That is a pessimistic attitude. I don't think Mr. Mauge would agree with that.

Mr. SINCLAIR. That's the way it is.

Mr. MAUGE. He didn't mean to go so far.

Mr. ZEFERETTI. Do you have any means like in the National Maritime Union, where you have assurances that the continuation of the unions will go forth, and that these types of meetings and negotiations will go forward in the event of a treaty?

Mr. MAUGE. Yes. Actually, you know, we have what is called a charter to operate in Panama. Our sister Local 907 also has that and there is a dockworkers union which will also speak today. They have that and we can operate right now in Panama, we don't have to wait for a treaty. We can operate with the Panamanian Government as well as with the Canal Zone Government. And they have unions operating in Panama. They have some problems like anywhere else. The problems are usually solved through negotiations or consultations.

Mr. ZEFERETTI. What is your feeling regarding the point of the treaty? What will happen at that particular point? You addressed yourself to the transition period. What happens after that? Do you throw everything out in the wind?

Mr. SINCLAIR. You are going to have unions, you are going to have workers, and workers in unions.

Mr. ZEFERETTI. Do you think you can be effective at the conclusion of that?

Mr. MAUGE. And I think we will be stronger. You know right now we can't strike, according to Federal laws, but when you change jurisdiction we will have that kind of power.

Mr. SINCLAIR. In fact, you'll have the benefits in Panama you don't have in the Canal Zone. I don't see—it's a new ball game. We loved our father, but he died, and now we have to live without him. We love what we have—maybe I shouldn't say that, you'll call my attention to that. I said the other night, you've come here so many times, the members of the committee, its chairman, you know how good this whole thing was, you know the bad conditions. Fine, if we can have it; but the ball game is changing as you see. We are not going to waste our time crying over the past. Whatever talent we have, we are going to use it constructively, and we are going to use whatever we have before us, whether it's the Labor Code or minicode or whatever, we are going to use it. As I have often told Panamanian Government officials in our meetings, we are going to use it better than anybody has in Panama. So we are prepared to teach a few people some things. Because if we took that treaty of 1903 which everybody says is no good, using it successfully then I think we can use anything else.

Mr. METCALFE. Thank you. I recognize the gentleman from Indiana, Mr. Hillis.

Mr. HILLIS. Thank you, Mr. Chairman. I just have one question.

I have found the discussion very interesting. I would like to understand, under the Panamanian law do they recognize a minimum wage and if so, what is it?

Mr. MAUGE. In Panama the rate structure is based on the ability of the industry to pay.

Mr. HILLIS. A sliding minimum?

Mr. MAUGE. A sliding minimum. It depends on the industry.

Mr. HILLIS. You are talking about a \$3 minimum wage, U.S. Will there be a comparability in Panama or where does this come in.

Mr. MAUGE. I want to refer I think to a question you asked the former organization. In the sense that we are speaking of two periods. We are talking of the transition period to, let's say, the suggested year 2000. We are asking for all that kind of protection for the year 2000 and I think what Panama is saying, special legislation, or mini-legislation, will be legislated into the Panamanian assembly to cover this 10th province as they say now, but that would be to the year 2000, or the suggested year 2000 maybe.

Now after that goes, that is another ball game. So I think the question you are asking is, the \$3 minimum, once we get it, we feel that will carry on the protection until that time that Panama takes over the entire thing.

Mr. SINCLAIR. This point is not really clear here, and this is what is confusing everybody. We're confusing this point. I think it will be clear enough for us to see what's ahead. If a treaty is signed today calling for Panama's political jurisdiction, and that we have laws that do not provide for the same minimum wage, then this is what we are facing. What may elapse between now and 2000 is that those who may be picked up under the treaty, as of now, and go on as long as they are employed, we have been told, they will be protected. But the way I understand it, the minute that treaty goes into effect and the political jurisdiction is established, goodbye U.S. Federal laws.

Mr. METCALFE. Unless there is an assurance.

Mr. SINCLAIR. And that assurance is very difficult, for as I said, it's a question—let's not get into that. I don't believe in stories. I believe in what I think is facing us.

Mr. HILLIS. For the record, do you think Panama can pay the \$3 per hour minimum wage if they took over the jurisdiction of the Canal?

Mr. SINCLAIR. The way I also understand it, I might be wrong again, I don't foresee the \$3 being the established minimum. Those who are picked up as of the day the treaty goes into effect, and make \$3 an hour minimum, will have it. But I also see this enterprise saying henceforth, the new employees will be under a new law. At that time it will be up to the unions. If we're strong enough and raise enough hell, we may be able to make sure we get that minimum. But that's it. We must get that money. As fast as we can; I can foresee the guy going under a new treaty retaining the minimum that he has, but I can also see trouble for the employees hired after that.

Mr. MAUGE. Because if he didn't get \$3, or somewhere near that, we'd close the Canal.

Mr. METCALFE. The last time the question of the minimum wage came before Congress we had an appreciable amount of letters from the Zone complaining about not being able to meet those new laws if they were passed for the domestics.

Would you address yourself to the domestics and the minimum wage?

Mr. MAUGE. I think the domestic question is a simple thing. One, that the average worker here would like to get the highest wage possible for his duties and his responsibility according to the position that he holds. If he believes that that principle is inherent to his right, I think he should believe that the same principle stands for the domestic. She's a human being and she has the same aspirations, the same ambition and she should also have the same standard of living that is consonant with modern times.

Now we could never agree with any exclusion of the domestic. The way I see it, if you want a domestic then you should pay. If you can't pay, then do the work yourself. The person is a human being, and she has the right to earn the highest wages possible.

Mr. METCALFE. Thank you, Mr. Mauge.

Mr. SINCLAIR. Just a minute, sir. We believe in "do unto others as we would have them do unto us."

Mr. METCALFE. Now I will recognize the majority staff member, Mr. Terrence Modglin.

Mr. MODGLIN. Thank you, Mr. Chairman.

You said, gentlemen, that you agreed with the recommendations of the AFL-CIO on treaty negotiations, with some modifications. One of the provisions in that AFL-CIO recommendations document was that the administration, the new Canal administration, shall provide adequate community services for all of its employees to be maintained at standards existing prior to the entry into force of the treaty.

Do you agree with that particular—does your local agree with that particular provision?

Mr. MAUGE. That is why we said there is some modification because as the situation is, we just got through the schooling situation that is not completely settled. We have the housing situation that is not completely settled and we think we have some new thoughts on those things and before we can just get a blanket agreement, those things would have to be worked out to our satisfaction where you would not have this subtle type of discrimination going on.

If the schooling and the housing and those other facilities are equalized for everyone then we will go along with it.

What we are saying is, we cannot agree to any sort of legal document that will try to maintain the thing that we have been fighting for all over the years. You know, fighting against discrimination, and then to have it legalized, then we can't change it.

Mr. SINCLAIR. You see, in essence, Sir, even if that document were to be included, in toto, in an annex, that itself would provide some discrimination in pay, the tax factor, and security positions, which we cannot buy. We are advocating equality. We have told both sides that very clearly. Notwithstanding all the rights—we have some rights, too. We have told the AFL-CIO that we are not going to go under the AFL-CIO umbrella legalizing any form of discrimination. And I think they have that message quite clear.

Mr. MODGLIN. For your members in the Canal Zone who are employees of the Defense Department, do you believe they should

have a list of assurances and protections in the treaty? If so, who should issue those assurances?

Mr. SINCLAIR. The way I see this, the treaty negotiators should have some broad guidelines. I am saying broad guidelines. I don't believe they should get down to list from one to one million points. Give us some broad guidelines under which we can build up our own thing. In other words, let me get back to the question of negotiations. We should be able to say under these broad guidelines we want so and so. But I am not too confident to have anybody sit down and tell us exactly what we are going to have to live with. Just give us the broad guidelines.

Mr. METCALFE. You just want to participate.

Mr. SINCLAIR. That is right. We just want broad guidelines.

Mr. MODGLIN. Mr. Sinclair, in view of your statement regarding what I believe you regard as the inevitability of Panamanian jurisdiction and, I gather, labor law, do you think the Government of Panama ought to have, or does have any responsibility for those particular assurances to Canal employees?

Mr. SINCLAIR. They will have to, because they are partners. This is a partnership. The Panamanian Government and the U.S. Government. The employees will be employed first by the military, which have responsibilities here, and second by this administration or entity, whatever it is. This entity would comprise a partnership. We are told it is an entity made up of the two States, Panama and the United States.

One thing that is not clear in our minds is whether it will have a Federal personality.

So this entity whether it is composed of five Americans and four Panamanians or vice versa, this entity has to, this waterway will be providing "x" amounts of dollars for services. That entity has the obligation to provide equal services and benefits for every employee, regardless of nationality, color, creed, et cetera, et cetera, et cetera. So that entity is the one that must have the responsibility.

Mr. MODGLIN. The implication of your particular belief of total equal treatment, the implication I get there is that that means application of Panamanian labor law or U.S. labor law to all employees related to the Canal organization—

Mr. SINCLAIR. Once the jurisdiction has been established, it won't be a choice. They have said, you may take a section of the U.S. labor law and put it, in toto, but you cannot have that law, per se, because it conflicts with the Panamanian Constitution.

So you are not going to have a choice of U.S. and Panama labor laws. If you carve out the whole U.S. Constitution and put it in and say these are the rights I want in Panama, or any other country in the world, but you cannot identify it as such, because it goes against the (Panamanian) Constitution.

Mr. MAUGE. I think what the Panamanian Government has in mind is to use some aspects of the Federal law here but don't call it that because we will have new legislation that will cover the Canal Zone area and that would also cover the judicial and also the labor code and other matters.

Mr. MODGLIN. Sir, is my perception correct that you are not necessarily advocating that Panamanian labor law be applied, but simply regard it as inevitable?

Mr. SINCLAIR. What we are saying is, whatever that entity comes up with, whatever the instrument, that's what we are going to deal with. And I still feel that from a legal standpoint, a constitution is a constitution. Whatever that mini-code says, it is still subject to Panama's law. It has to be that way. There is no other way.

Mr. MODGLIN. Mr. Mauge made reference to point 10 of the 15 assurances, as to what all eligible employees are guaranteed by current regulations, reductions in force, et cetera.

Do you believe that particular provision should apply to Panamanian employees of the Canal entity as well as U.S.?

Mr. MAUGE. I am saying anything that you give should apply to all employees. We just want to be fair.

Mr. SINCLAIR. We are going to stick up for that. And if you want to hear a secret, I want to tell you a secret, publicly. We are hoping that you will not abandon your citizens, then we will stick to equality. This is a public secret. If you abandon your citizens, then the whole ball game is over. So we are going to ask you not to abandon your citizens, because by not abandoning them, you are helping us.

Mr. MAUGE. We have something to compare with.

Mr. METCALFE. Thank you.

The minority counsel, Mr. Nonnenmacher.

Mr. NONNENMACHER. Thank you, Mr. Chairman.

Mr. Mauge, at some point, here you say, "Thousands of dedicated and loyal Panamanian and other non-U.S. employees of the Panama Canal Company/Canal Zone Government who were given assurances in previous pronouncements about their job situations now find their future are pawns at the negotiating table."

I think that concept of pawns at the negotiating table very adequately sums up the feeling that everybody has given us who we have heard so far, and we don't expect to hear anything different.

Mr. Sinclair, in the very last statement you made, your public secret, you hope we don't abandon our own citizens' rights.

Mr. SINCLAIR. That is right.

Mr. NONNENMACHER. Speaking on behalf of Mr. Snyder who is the ranking minority member and whose position is well known to all of you, he, like you, feels jurisdiction is the name of the game. Only here he probably would say sovereignty is the name of the game. He feels giving control of the Canal Zone to Panama would in effect be abandoning our citizens, were they to choose to remain here. Ultimately—and again I go back to the point I made—our concern is the continuing neutrality and defense of the Canal, permanently—because it will always be vital to the United States as well as to the free world and world trade, as well as to world security and freedom. For this reason we feel Panama should not get the Canal. That is the basic fundamental starting point.

I think I could also say on his behalf that sometimes U.S. Congressmen feel that they, too, are considered by the State Department as nothing more than pawns to be ignored in the negotiations, and kept ignorant of the ultimate goals that they have. I think that the fight the Congress has put up in the last 2 years over this issue has made the State Department wake up to the fact that there is a voice of the American people up there in Washington that does

speak, and this committee does represent the people on this issue most specifically.

I would like to ask a very key question here. I do not know which other union leaders present came out after a meeting with President Torrijos in favor of a new treaty. I know you are one, Mr. Sinclair. I don't know if you are, Mr. Mauge, or any others here. But in view of the fact the question was asked by Congressman Hillis regarding a minimum wage in Panama, and in view of the fact that we received the answer that there was a sliding minimum wage (although we did not get a specific figure—and that is what I am going to come back to in a moment) I would like to ask a general question before getting into some specifics. Are the Panamanian union leaders who are on record favoring a new treaty which ultimately would yield control of this entire Zone and waterway to the Panamanian Government, are these same labor unions therefore going on record a favoring lower incomes for their union members?

Is my question in any way inaccurate?

Mr. SINCLAIR. The way the question is framed, it is difficult to answer. Let me go back—first, in our mind there is no question about Panamanian sovereignty—Panama has always been sovereign in the Canal Zone. Panama has ceded the use of certain rights in the Canal Zone to the United States as if it (the United States) were sovereign.

Mr. NONNENMACHER. I would differ with you on that.

Mr. SINCLAIR. What I am saying here is as far as we are concerned. You have asked the question. I will give you the answer. There is no question about who owns this land. That is Panama. That is a legal position. Panama ceded her rights and said "You shall have these rights, blah blah blah, as if you were sovereign."

Panama is also saying "We want back our jurisdiction," It is none of our business to tell Panama not to get back its land and so on. That is Panama's right. We will get away from that. Our dealing here is with the labor situation. We are saying under what we have now, we want the most. That day our father dies, a new ball game starts, and we are going to play it, and we are going to get the most there too. That's the way we operate.

Mr. NONNENMACHER. I appreciate your forthrightness, and I am sure you would recognize the equal forthrightness of Congressman Snyder and those who feel just to the contrary.

Mr. SINCLAIR. The greatness of the American system is that we can disagree.

Mr. NONNENMACHER. Right, but regarding the Zone's status—since approximately 1826 it has been a concern of the United States Government that there be a canal from the Atlantic to the Pacific. Thereafter, successive Presidents, beginning with Ulysses S. Grant and Rutherford B. Hayes, specifically sought control and ownership of a strip of land somewhere across the continent for an interoceanic canal, and that desired goal of ownership was specifically mentioned in presidential messages long before Teddy Roosevelt came on the scene. But that is another subject and you have given me your opinion.

Now I would like to get specific.

Can you tell me, or provide for the record—and you might need the cooperation of the other unions present—the comparative wages at present, the comparative minimum wages at present in the Zone and in Panama for specific employments such as a government clerk, a teacher, a dockworker, a metalworker, a merchant seaman, a policeman, and anything else you would care to include in such a list, so that the record would show what minimums at this particular moment pertain to these various categories of employment.

Mr. SINCLAIR. First, there is no comparison with the United States and Canada, those two countries of the free world. No other country in the world, including this continent, has anything similar to the U.S. in dollars and cents as far as a federal minimum wage is concerned.

The last time I saw a legally written document—and I will try to get that—the minimum wage was set at 40 cents as the lowest that employees should earn in Panama. Then it slides, depending on the ability of the industry to pay and the capital, et cetera, et cetera. It's sort of like Puerto Rico that has a sliding minimum, which goes up. But nobody in any part of the world, excepting Canada, as far as I know, has a minimum wage that is higher than or equal to the United States. We are saying that until this jurisdiction is changed, we are talking to our employer, which happens to be the United States. Get the point? So we are saying whatever you pay, you pay us. If tomorrow that is not there, we will be saying to somebody pay us a minimum wage. We'll have to seek a higher minimum with this new ball game we're playing. But every minimum is lower than the United States for every one of the jobs you mentioned.

Mr. NONNENMACHER. I appreciate that, but would you not admit that Western Germany, Great Britain, France, Belgium, other countries in Western Europe have a minimum wage much higher than the 40 cents you mentioned?

Mr. SINCLAIR. Yes.

Mr. NONNENMACHER. Would you please provide for the record some comparison however for these specifics, regardless of the fact that your answer in general covers it.

Mr. SINCLAIR. What we will do for you is, I will get the exact minimum they have, and mail it to you.

Mr. NONNENMACHER. We would like it for the record.

[At the time of publication, no document had been provided.]

Mr. SINCLAIR. I just want to show you something. I was shocked out of my wits when I was comparing the salaries of prime ministers. Indira Ghandi was getting \$400 a month, I see, and she was the prime minister of the biggest democracy in the world. When I saw her salary, \$400 bucks per month, I said "she needs a union."

Mr. NONNENMACHER. The previous witness from the NMU pointed out that the America economy has impacted itself upon this area of the world to the point that Panama City has the second highest cost of living in the entire world. Following the train of questions I presented to you and your answers, would you think that the removal of the United States' control over the Canal Zone would cause an enormous drop in this cost of living at the period when the treaty ends.

Mr. SINCLAIR. The cost of living. You have noted that about the cost of living in the Zone, and it's probably higher in Panama. I don't agree with that statement of Panama being the second highest city because we have information prepared by a local bank here, I think the Continental Bank, with headquarters in Geneva. They did not list Panama as No. 2. There were many other cities, Tokyo and Buenos Aires, and a few others. In Buenos Aires, we understand, one drink, a highball, is very high. Panama is not the second highest but I have been to almost every capital city and others in Latin America. I have found prices in those countries higher than Panama and in the United States, in many places.

Mr. NONNENMACHER. I think the record should show that, and I think, Mr. Chairman, that the NMU should have the right to defend their presentation that Panama City has the second highest cost of living, in view of the fact it is in their statement and is now challenged. That is all I have.

[The information supplied by Mr. Sinclair may be found on p.381; the source of the National Mature Union's statistics was the March 17, 1977 Miami Herald.]

Mr. METCALFE. Now, our distinguished consultant, Mr. Bernard Tannenbaum.

Mr. TANNENBAUM. For many years there was concern, and still is, and, properly so, because of the discrimination in the Zone in treatment and pay benefits between Zone employees, who were Panamanians and U.S. citizens.

Now what about the disparity between the Panamanian Zone employees and the Panamanian Government employees who hold similar positions: postal clerks, policemen, teachers, and so forth?

Now this income gap is even greater than the disparity in the Zone. It is maybe 300 or 400 percent and maybe more than that. Isn't this a considerable cause of friction between Panamanian Zone employees and Panamanian Government employees, and and hasn't this created a great political problem for the Panamanian Government?

Mr. SINCLAIR. I don't agree with you on that. You have some people in Panama working for very high wages for certain jobs. Whether \$2,000 or \$3,000 per month, you only have so many. So you have to look at the guy who's got the right to have the job. Also in the Canal Zone, you have only so many jobs. I understand there are 40,000 or 50,000 people looking for jobs in the Canal Zone, but they can't get them because they are already taken.

Mr. TANNENBAUM. I am not being judgmental. I am just saying, doesn't it create a cause of friction?

Mr. SINCLAIR. I have heard of this but I have never found it. Right now I feel that I should make three times what I'm making, and maybe there's somebody who is doing a job like mine for three times what I'm making. But I haven't got his job, you see, I have mine. So one day if that job becomes vacant, and I can qualify for it, I will apply for it. I am not going to die because he's making more money than I'm making.

So I don't agree with that theory. I don't think that the worker in Panama would cut his brother's neck over here because he's making more money. He may want the job, but that's all.

Mr. MAUGE. Another thing I don't think many people recognize is that although the Panamanian worker seems—well, is earning some wages lower than in the Canal Zone he has certain benefits that the Panama Canal worker doesn't have. For example, low cost housing. The Canal Zone workers cannot qualify for low cost housing, which a Panamanian worker gets at a very moderate price. And he has certain medical benefits. He gets certain subsidies in terms of price control, controls put on staple items when you add that. Because I have found in a study we made among Latin American unions where we find that Latin American unions ask for more social benefits than wages. You will find the wages in Latin America are low but the social benefits are high. Opposite to the American economy where the wages are high but you are paying a high price also for the social benefits. So sometimes you put the two things together, I really wonder who is coming out winning or losing.

Mr. SINCLAIR. Let me give you an example. I went over a contract about a week ago. And from just this one item I bring to your attention—insurance. Where the employee here pays 40 percent of the premium on his life insurance policy, and the agency pays 60 percent. In this contract I'm talking, about each employee has a \$40,000 life insurance policy. He doesn't have to pay a nickel for premium cost. So in Latin America a lot of people prefer not to have the dollars and cents because this is where you pay your taxes. They prefer to have the fringe benefits where you don't have to pay taxes on fringe benefits. I have read—I have been through some contracts in other Latin American countries and here's one you people might be interested in. The question of vacation—a guy says "I earn a salary 12 months a year, I pay my rent 12 months a year, my car payments 12 months a year—so when I get my months' vacation, I have no money reserved to go on vacation, because the money is already committed. So they have contracts in the public sector, I have seen them, where they get a month's bonus to go on vacation. So a guy can really enjoy his vacation. For him to pay out each month for his rent and his car and so on, then to spend \$1,000 or \$2,000 for travel for himself, he harms himself economically by the time his vacation is over. The agency says, okay, in addition to that we'll give you this additional month's pay at one time. In Panama we're talking about 13 months. In Uruguay they have 14 months. So you talk to these guys, and you show them your wages, and they'll say keep that. We like what we have here." So it balances out.

Mr. MAUGE. For example the transportation cost. The worker here has to pay his own transportation. In many of the contracts the company pays the transportation to and from work.

Mr. NONNENMACHER. Are you really saying, sincerely saying, there isn't a tremendous disparity between Zone employees and the Panama City employee? The postal clerk who does the same comparable job in Panama City and the Zone, that he has a wage benefit in terms of housing or what-have-you that is comparable, and the standard of living is comparable to that of the Zone employees?

Mr. SINCLAIR. Let's use the words nearly comparable. What we're saying here is nearly comparable. Taking wages of dollars and cents.

Mr. TANNENBAUM. I don't believe it is nearly comparable and there is, whether you are willing to admit it now for the record or not, a tremendous disparity and I do believe that this creates a cause of friction. We have heard there is a tremendous amount of friction.

Mr. SINCLAIR. Who has told you this in Panama?

Mr. NONNENMACHER. Just looking behind you, the faces that are nodding, yes.

Mr. SINCLAIR. Never mind them.

Mr. MAUGE. The people in Panama?

Mr. TANNENBAUM. With the people in Panama, there is a problem, and it is a problem that has to be faced. It is not one that can be ignored.

Mr. SINCLAIR. Well, look. I might right now envy you gentlemen around the table for the salary you are making as Congressmen, but I don't hate you or question your right for making so many thousands a year.

Mr. TANNENBAUM. You may be a unique individual in that you don't bare any hatred or discrimination, even if it is practiced on someone else in your favor. The point is, there are people who do feel hatred because of discrimination of any kind.

Mr. SINCLAIR. I don't think we have reached that point where, as some guy said many years ago, if we were to get the minimum wage in Panama, there would have been some sort of war between the workers. You've had the minimum, had amendments, had increases, and there's no war between the workers here in Panama, and the Canal Zone.

Mr. TANNENBAUM. You say there is no friction at all.

Mr. MAUGE. There might be some.

Mr. SINCLAIR. Every man has some envy. But I don't think we have envy to this point, that I am going to try to kill someone because he is making more money than I am making.

Mr. METCALFE. May I interrupt? I think what we are doing is going over and over the same point and I think the points have been established both from the interrogator, Mr. Tannenbaum, as well as from your own very strong views. I think we are clear on that so if we could, in the interests of time, proceed to other questions that you may have. I have no intention to cut your questioning off at all.

Proceed with your questions.

Mr. TANNENBAUM. I have no further questions.

Mr. METCALFE. Mr. Nonnenmacher has another question.

Mr. NONNENMACHER. Mr. Sinclair, I was very interested in your presentation of that concept of a special bonus for vacations. You were not referring to Panama, were you?

Mr. SINCLAIR. No, I was not.

Mr. NONNENMACHER. Mr. Mauge, did you say Panama has a 13th month?

Mr. MAUGE. Yes.

Mr. NONNENMACHER. In what regard? Do you get an extra bonus in effect? What is that for if it is not for vacation?

Mr. MAUGE. The idea is you work for an industry, the industry makes a profit. Since you are helping to make the profit, you should also participate in some of the benefits.

Mr. NONNENMACHER. A profit-sharing plan.

Mr. MAUGE. Right.

Mr. SINCLAIR. Actually, any employee who works is given a 13-month, salary divided into three parts. A third in April; a third in August, which goes to a savings bank for housing development; and the other third at Christmas, December 15.

Mr. NONNENMACHER. Is this applicable under law to all enterprises?

Mr. SINCLAIR. All employees. Including government employees.

Mr. NONNENMACHER. Including government employees.

Mr. MAUGE. That is right.

Mr. NONNENMACHER. I am glad you said that because I was going to ask it. That leads to my next question. Believe me, I do not begrudge you that, that 13th month. But does this not have some direct bearing on the fact that the Panamanian debt is such that almost 40 percent of the budget this year is going to debt servicing? It raises the question of deficit spending. Again, I say I don't begrudge you receiving this but where is the money coming from for the Panamanian Government—you are not a government economist obviously—but where is the money coming from to pay this extra money to government employees as a bonus which is in effect a higher salary when you are already in debt so deeply? This is one of the chief concerns of those of us in the States who are worried about what will happen to the Canal Zone under the Government of Panama when its own economy is so rocky? This is an extremely high debt service, is it not?

Mr. SINCLAIR. Well, every country in the world owes money, including the United States. I understand the Communist world owes \$50 billion to the Western world. This is a trend of life. If the Panamanian worker had been earning money, rather than fringe benefits, we can say that the 13th month would have been divided into 12 months. I can say the same thing to you. Aren't the salaries in the United States bringing up the hundreds of billions of deficit, and everything. If you had the answer, I'm sure you could sell it to everybody. But no country in the world today, that we know of, is breaking even. And many times I ask the very same question "where is the money coming from?" I don't know, but I believe it will be from the United States since your country is always helping other countries with their economic woes.

Mr. NONNENMACHER. That's why we have inflation.

Mr. METCALFE. Thank you very much.

We have used all the time for this session. I now declare a 10-minute recess. Please set your watches and be back here in 10 minutes.

[Whereupon, the subcommittee recessed at 10:30 a.m.]

[Short recess.]

Mr. METCALFE. The hearings of the Subcommittee on the Panama Canal will come to order.

Next we will hear from the Canal Zone Central Labor Union Metal Trades Council, recognized to represent the affiliated organizations which have individually been granted recognition.

Mr. Al Graham and the others, would you please identify yourselves and then introduce those who are here at the table with you?

STATEMENT OF ALFRED GRAHAM, PRESIDENT, CANAL ZONE CENTRAL LABOR UNION AND METAL TRADES COUNCIL; ACCOMPANIED BY: WILLIAM R. DRUMMOND, PRESIDENT, AF&GE, LOCAL 1798; AND RALPH SHEPPARD, PRESIDENT, AMERICAN FEDERATION OF TEACHERS, LOCAL 29

Mr. GRAHAM. Mr. Chairman, I am Alfred J. Graham. I am president of the Canal Zone Central Labor Union and Metal Trades Council.

To my right is the president of AF&GE, Local 1798, Mr. William R. Drummond, that is the Canal Zone Police, and also the legislative chairman of the Central Labor Union, and to my left, Mr. Ralph Sheppard, president of the American Federation of Teachers, Local 29.

The CLU-MTC wishes to thank you, Mr. Chairman, and members of the Panama Canal Subcommittee, for this opportunity to express to you our views and concerns on pressing labor matters.

1. Panama-U.S. Treaty.

The 15-point list of assurances presented to Canal Zone labor and civic groups by Governor Parfitt fall far short of our expectations. Some of the points raise more questions than they answer. Some points do not define themselves in strong enough terms. Other points speak to laws already on the books that are not policed by the U.S. Government to the detriment of U.S. citizen employees. Point 10 is, for the most part, a rehash of present Civil Service regulations. Point 10 could and should be an accurate copy of the Canal Zone AFL-CIO labor annex. We again seek your support to assist us in securing a labor annex in any Panama-U.S. treaty.

2. Point 16.

The CLU-MTC would like to see a point added to these assurances. Point 16 would state that the Panama Canal Company-Canal Zone Government will seek legislation in the United States Congress to permit priority admission to the United States of any non-U.S. citizen employee and his family, who as a direct result of any treaty between the United States and Panama, could reasonably find his personal and family welfare in danger as a result of the nature of his job while employed by the U.S. Government.

3. Harassment of Labor Representatives by the Company-Government.

At the last regular meeting of the CLU-MTC the body voted to send our legislative chairman, Mr. William Drummond, to the U.S. to speak to the Congress on matters of interest to us. Mr. Drummond was refused permission to do so by company-government officials. This was the first time in Canal Zone labor history that a very old agreement between management and labor was broken. We wish to express our resentment toward this type of gagging. We ask that the Panama Canal Subcommittee instruct the governor to stop this sort of activity. It is bad enough that U.S. citizens in the Canal Zone do not have the regular outlets such as a free press or radio to express ourselves without the U.S. Government attempting to stop us in our desire to speak to the U.S. Congress.

4. Fair Labor Standards Act Problems.

As you are well aware, the 1938 Fair Labor Standards Act had a decided thrust toward the protection of the workers of the United States. This Act was amended in 1974 to bring Federal employees under the coverage of the law as of May 1, 1974 among other provisions. The local administration felt that the Canal Zone area should be exempt from the provisions of the law accordingly appealed to the Comptroller General for such a determination. In November of 1974 he issued a ruling that the Canal Zone was indeed intended by the Congress to be an included area.

It is the contention of this body that having received such a ruling, the local administration should have immediately applied the FLSA provisions and begun the retroactive compensation of employees. Instead, some bureaucrats here chose to ignore the Comptroller General ruling and decided to fight the law in the courts. Obviously, the U.S. Government could not sue the U.S. Government. Rather, the local administration withheld payment and hoped that employees would sue for their entitlements. At such a time, the applicability of the law would have been challenged.

We cannot stress enough that such actions were tantamount to the impoundment of funds by the Nixon Administration—an executive branch agency decided that it would not enforce the law as promulgated by the legislative branch. In defense of our former President, at least he was elected to his position and felt that he had a responsibility to a national constituency. What defense can these local bureaucrats have for their high-handed usurpation of legislative power? Is it the job of the local administration to attempt to precipitate a constitutional conflict?

It is only since November of 1976 that the local administration has acknowledged its FLSA responsibilities—2-1/2 years late. This change occurred not because of a change of heart locally, but because the international leadership of one of our member unions interceded with the Secretary of the Army. It would seem that we should be overjoyed that we are now to be covered, but our joy has been tempered by the manner in which the law is being applied.

The Personnel Bureau of the Panama Canal Company has seized upon the exemption provision of the law to remove as many people as possible from FLSA coverage contrary to the thrust of the legislation and the specific directions of the Civil Service Commission. I quote from Federal Personnel Manual Letter No. 55-7:

“Numerous judicial precedents have firmly established the principles that:

“1. FLSA exemptions must be narrowly construed and applied only to employees who are clearly within the terms and spirit of the exemptions; and

“2. The burden of proof rests with the employer who asserts the exemption.

“Thus, if there is a reasonable doubt as to whether an employee meets the criteria for exemption, the employee should be ruled nonexempt.”

Apparently, the Panama Canal Company intends to frustrate the employee's legitimate desires to be covered by the law by exempting them and then making them appeal to the Civil Service Commission for redress. An illustrative example is that of the fire officers.

Even though the cutoff line between nonexempt and exempt fire officers is clearly stated by the Civil Service Commission to occur between company officers and chief officers, the Panama Canal Company has exempted all fire officers and has made the company officers appeal. In discussions prior to making the appeal, the union representing fire officers brought forth the information that the exemption being applied locally was not applied at any of the more than 100 Federal installations where its international union has locals. This was ignored. When the "reasonable doubt" issue was raised, the response was, "There's no doubt in our minds."

It is this obstinate "make-me-do-it" attitude of the local administration to which we object.

Chairman Metcalfe, you are aware of the police, fire and teaching personnel's retroactivity question which you have so kindly sought to resolve through the Comptroller General. We understand that even though his ruling has not yet been issued, the Canal Zone Government is expecting to have to compensate the employees retroactively. The position of the employees has not changed drastically from that which was presented to the local administration. Why is it that the local administration's bureaucrats refused to face these issues responsibly when they were originally brought to their attention?

When I speak of this frustrating and obstinate attitude, I am reflecting also on the experiences on two other issues which one of the CLU-MTC affiliates has had in the past year. In June of last year, the fire officers union applied for retroactive compensation for fire officers who were appointed to temporary promotions in excess of 30 days. This compensation is provided for employees in the Panama Canal Personnel Manual. Their claim was initially denied on the basis that the appointment orders were not on the proper form and that the employees were, therefore, only detailed to these positions. They have countered that permission to detain an employee in excess of 30 days is supposed to be applied for in advance and that no such paperwork, on the right form or the wrong form, has ever been completed.

Therefore, they feel that in the absence of any of the proper paperwork, their claim should be determined on the basis of the available evidence. This includes, in addition to the faulty paperwork, a statement from the fire chief that they were indeed temporarily promoted and the fact that subsequent to their claim, the proper paperwork has been filed and the employees are being compensated. So where are they on this issue? After making these points in October of 1976, they received a non-answer on January 3 and asked the questions again seeking specific answers January 27. They still have not received a reply despite telephone requests for one.

The second instance is even more astounding inasmuch as they are trying to gain a benefit which is provided for by the Fair Labor Standards Act, is endorsed wholeheartedly by the fire chief and which can save the Canal Zone Government money. From our point of view, it is a morale-building measure which will permit our 24-hour workday firefighters to have a more normalized lifestyle. It is known as "early relief and trading of time." After the fire chief and

the union were told by the general counsel's office that applicable regulations did not expressly permit it, the union's international headquarters received a determination from the Civil Service Commission that the practice was, in fact, permissible. When the local union president took this ruling to the general counsel's office, he was told that it looked okay, but that "while 'no' opinions can be given over the telephone, 'yes' opinions require a memorandum." On March 18 the fire chief sent a memorandum to the effect that he wanted to institute the practice in accordance with the letter from the Civil Service Commission. As of this time, three weeks later, no answer has been received.

As we prepare to enter the era of collective bargaining here in the Canal Zone, we ask that you direct the local administration to quit playing games with us and to deal with us responsibly and honorably. The low morale of the workers will never be raised and labor-management relations will continue to be strained at best until this disrespectful attitude towards the workers which pervades the local administration is changed.

Thank you very much, Mr. Chairman.

Mr. METCALFE. Thank you, Mr. Graham.

Do any other members wish to make a statement or shall we go right into the questions?

Mr. SHEPPARD. I desire to make one statement.

Yesterday I understood the question came up: What do the teachers actually want in connection with the treaty?

Well, the first thing we want to maintain high quality education in the Canal Zone, with the fact the majority of teachers came here with career intent in the Canal Zone. There is little opportunity at the present time in the United States for teachers to be hired in the majority of communities. The teachers here in the Canal Zone are an excluded group not eligible for transfer rights to other U.S. Government teaching positions in the Department of Defense or the other agencies that do hire teachers. The thing that we do want is full transfer rights to other equally qualified jobs outside of the teaching field, full lateral transfer rights to DOD schools in other areas, and for teachers remaining here in case of a new treaty, we want the maintenance of present basis of pay scale, not a lower scale should another agency take over the operation of the school system. We specifically want to have continued operation of higher educational facilities such as the Canal Zone College in case a new treaty does come in. It would not be covered under another entity such as the Department of Defense schools.

The other thing is, I have a letter dated September 8, 1975 from Governor Parfitt which told us there would be further consultations between the administration and the unions when a contract was concluded between the Washington, D.C. schools and the union in Washington, toward obtaining an increasing reasonable comparability between the teachers pay scale here and their working time as compared to the Washington, D.C. scales. An initial consultation with the superintendent brought a flat "no" answer with the only thing that perhaps we could submit a package. We feel the superintendent of schools should be asked to negotiate or to consult with us in good faith.

Thank you.

Mr. METCALFE. I would like to comment on Point 2 that Mr. Graham has mentioned. This is one of the crucial issues. This is in regards to the easing of the admissions, a matter twice pointed out in your paper.

Mr. Sheppard, initially to interrogate you in regards to the present status of the teachers, you indicated there is no adequate program established as of now for teachers who wish to leave the Canal Zone, who, and when they leave the Canal Zone teachers system, attempt to be employed in the United States. Did I understand you correctly?

Mr. SHEPPARD. There is no provision for a teacher to transfer here to any other U.S. Government teaching position. We are not eligible for direct lateral transfer or transfer to DOD schools, for instance.

Mr. METCALFE. Is it because of regulation or is it because you have not engaged in any dialogue with the Panama Canal Company to make certain that this can be corrected so that, like other civil service employees, engineers and the highly technical people, teachers can find jobs in the United States?

You are saying that the teachers are different from that. They don't have the same privileges, is that right?

Mr. SHEPPARD. That is correct. We are an excluded group and under civil service regulations we are not eligible. It is due to the fact that teachers who are hired here on other than a competitive basis, such as the other organizations. They are hired on a fully qualified basis rather than under a competitive basis under civil service regulations.

Mr. METCALFE. Let's say we get into the question of quality education. Will you give us some information on how many of the students, if any, who graduate from the Panama Canal school system are eligible to enter college and are qualified to do so?

Mr. SHEPPARD. There is a very high percentage. I would say in the Canal Zone school system—and I do not speak for the present Latin American system where they had a track system and many of the students entered other tracks but in the U.S. school system we have a fully qualified system where they go through and are eligible to compete in U.S. colleges and many, many of our students do go there. Either through taking their first 2 years in the Canal Zone junior college—we don't call it a junior college, it is a 2-year college here—the students do enter the Canal Zone College or they go directly to college in the United States.

Mr. METCALFE. I talked to a lady last night and she indicated just the opposite, that there is no provision where the students were qualified to enter the United States institutions. I know of exceptions of course to the contrary. That is the reason I raised that question.

Mr. SHEPPARD. Are you speaking of the two systems as we previously had them, the Latin American system and the U.S. system?

Mr. METCALFE. I would like to include both of them, if I may, so we could have the distinction. I am concerned about the students. I am concerned that they go to school and I am concerned as to whether or not they are sufficiently educated to the point where they can enter a school of higher learning in the United States.

Mr. SHEPPARD. I can speak for the U.S. school system is a fine school system. The quality of the teachers is very high. The students who graduate from that system are excellently qualified to proceed with higher education.

Mr. METCALFE. What about the Latin schools?

Mr. SHEPPARD. I have not had the opportunity to thoroughly sit and study the Latin schools. Under the track system, as you know, many of the students in those schools elected tracks that led to other than college preparation. They led into vocational training and I have heard all of the pros and cons that have been presented.

The best knowledge I have is that this system was established in approximately 1953 due to the fact they wanted to have a school system which would enable those students to go into Panamanian culture.

Mr. METCALFE. Mr. Sheppard, how is the consolidation of the school system going? Is it going smoothly? What's your opinion?

Mr. SHEPPARD. The merger of the system appears to be progressing in a smooth manner. At the present time the grades through 8 grade, the merger has taken place, although the first two that we will have coming into junior high schools will be in September this year. Up to this time kindergartens through fifth grade have been merged but there was a very small number of students and teachers involved in that part of the merger.

We certainly look forward to giving every opportunity to the students who do come into our school system.

Mr. METCALFE. Yesterday in our meeting of the civic councils it was proposed very strongly that they accelerate this integration program rather than proceed on the basis of phase 1 and phase 2 progressing into phase 3.

Do you think the integration program should be accelerated?

Mr. SHEPPARD. Was that the Latin American Civic Council or the U. S. Civic Council?

Mr. METCALFE. The Latin American Civic Councils.

Mr. SHEPPARD. I understand it was in the Latin American civic groups - in the communities themselves there was a lot of debate as to whether they should accelerate this or whether they should not and I believe at the present time the Governor has left the decision up to the Superintendent of Schools based on the students and the parents desires within the Latin American communities.

They would have another poll taken this coming year to determine whether there are enough students who desire to remain in the system they are now in until they graduate or whether those students should be given the opportunity to come into the United States ; students—

Mr. METCALFE. Are you in a position to indicate from your point of view and from your perspective whether or not, with your knowledge as it exists of the integration program to date, there should be an acceleration of the integration program or rather should we follow the guidelines that have been established already?

Mr. SHEPPARD. I believe the guidelines as they have been established should be followed because this gives the students within the Latin American schools the opportunity to make their choice so that they will move at this time or later and I understand many of

the students who are in the track system leading toward things will be in a totally unsatisfactory program if they do change.

Mr. METCALFE. If it's accelerated.

Mr. SHEPPARD. If it's accelerated. That some of the students who were in the 10, 11 and 12 grades at the present time will not be given the opportunity to finish the program that they desire to finish.

Mr. METCALFE. Do you have an opinion as to whether or not a student must be educated by a U. S. citizen? As a recall the figures, I believe one-third of the teachers, the Latin American teachers hope—

Mr. SHEPPARD. I have very strong opinions on the fact that U. S. black students should be educated especially in the social studies areas, by a U. S. teacher, not by a Panamanian teacher, who perhaps has been indoctrinated. I do not want to take the chance with our students that they would be indoctrinated into a philosophy that is foreign to our concepts.

I am speaking particularly of the social studies area.

Mr. METCALFE. I think that is very important that you bring out as to what the various studies do and not put this on a racial basis or citizenship basis, because you've got good teachers among the U. S. citizens who are teachers as well as some of the Panamanian teachers who are very good. Right?

Mr. SHEPPARD. I don't believe I heard you right.

Mr. METCALFE. I am saying that teaching experience, if it's on the basis of the knowledge possessed, as in the social studies area where the chosen teachers would have that background and experience and feeling for the subject matter, provides the best qualified to teach the various subjects, but the choice of teachers should not be based upon nationality classification, either United States or—

Mr. SHEPPARD. I am thinking that in the areas such as perhaps mathematics it probably doesn't make any difference who teaches that subject based strictly on better citizenship.

We have the problem in elementary schools of the child being exposed for a full day where undoubtedly the philosophy other than the United States philosophy would be advanced.

Mr. METCALFE. Thank you. Mr. Graham, what is the best means for labor in the Canal Zone to communicate with the United States negotiators?

Mr. GRAHAM. At one time we had the idea that by reforming the Pancom Committee which we have requested—this is an AFL—CIO committee—which for the most part has representation of all the different local unions in the Canal Zone, that we would use that as an instrument to contact treaty negotiators. In other words it would be an AFL-CIO input into the treaty rather than the local unions struggling to do it.

It would be done actually on the Washington level with natural backup by our people here in the Canal Zone and the professional labor people from the AFL-CIO handling the case for us.

Mr. METCALFE. That is very similar to the testimony we previously heard where Mr. Tal Simpkins of the National Maritime Union has indicated that they wanted to be participants and negotiators.

Do you concur in that thinking?

Mr. GRAHAM. Yes, very much. I would like to see a member of the Pancom Committee in fact on the negotiating team whether it be the Chairman or someone else in this committee.

Mr. METCALFE. How are the collective bargaining talks between labor and the Canal Company going?

Mr. GRAHAM. We have a problem with that. The Secretary of the Army has not appointed someone to take Mr. Veysey's place so as a result the Canal Zone Civilian Policy Coordinating Board cannot meet. As it is a collective bargaining issue for the Department of Defense as well as the Panama Canal Corporation—the Canal Zone Government issues—everyone down here in those agencies has to agree to the collective bargaining proposals that we have put to the company government and the military, and that is what has stopped right now, waiting for somebody to become the chairman of this committee so that the company/government and the Department of Defense can present them with our collective bargaining proposals.

Right now we are sort of in limbo waiting for something to happen.

Mr. METCALFE. Thank you. I yield to the gentleman from New York, Mr. Zeferetti.

Mr. ZEFERETTI. Thank you, Mr. Chairman.

Mr. Sheppard, if you would, it is the history of Civil Defense, that under the merit system, never to accept any lateral entry of anyone going from one branch to the other, be it teaching positions or anything else.

Do you have any support from the civil service groups, even under the umbrella of the National Teachers Association; or any other group to give you support for that kind of lateral entry under the civil service umbrella?

Mr. SHEPPARD. Speaking within the same field, the teaching field, I believe there is precedent. In fact, that when areas or jobs are done away with on a reduction-in-force that a stopper list has been established and people have been hired from those stopper lists prior to any new recruitment from outside of the services.

The talks have been negotiated by the schools here with the Department of Defense where they have indicated it is possible that they will give consideration to teachers here prior to recruitment. The thing we would like to do and get your support in is an additional little push from outside so it becomes more, if possible, a mandatory thing that they consider the teachers here prior to recruitment.

Mr. ZEFERETTI. Did the other teachers' organizations back that kind of movement, for the national teachers' groups?

Mr. SHEPPARD. Yes, the American Federation of Teachers, the National American Federation of Teachers does back the position that we should get initial consideration.

Mr. ZEFERETTI. Thank you. Mr. Graham, maybe you can give me a little bit of insight in to the area of your negotiations, so that some of the points you bring out here and some of the opposition you have had even to comply with law.

Which local government did you negotiate with? How is that done? What is the structure of the Army?

Mr. GRAHAM. Normally it is kind of a slipshod situation. Normally it is the personnel bureau we deal with, or Mr. Simoneau the labor management specialist with the Governor, and we will bring up those things. Occasionally we have meetings with the Governor, actually, shirt-sleeve meetings, and we present our problems to him.

This, in one way or another, will get the ball rolling. We won't get an answer at all or we will get some kind of an answer. On big issues like the FSLA, of course, and the coordinated federal wage system, we seem to run into blockades. If any of these things are of financial benefit to the employee.

We are not asking that the United States Government become crooked and pay us something we don't have coming, but when we have it coming we want it and we don't understand why it takes 2-1/2 years for this agency to do something that the Federal Government and the United States has already done and accomplished.

Mr. ZEFERETTI. Do you have an appeals board? Do you have anybody you can go to, other than the structure that's already in place. In other words, when you were refused, under the law, did you have a place to go, could you write to somebody, or could you visit anyone?

Mr. GRAHAM. We get opinions from the commission; we get opinions from the Comptroller General. Then, of course, if you want to get really wild you can get a member and make him a grievance and go through a Canal Zone board of appeal type situation and hope you can get some kind of a class action—which, of course, is ridiculous because nobody is ever going to do it. So really it is very difficult, particularly without a collective bargaining posture, which we don't have.

Mr. ZEFERETTI. There has been a change since 1974. What do you do when there is a change in the people who do the negotiating? In other words, this goes back to 1974 when there was different Governor, I don't now whether you were here then or not.

Mr. SHEPPARD. We would do it through the personnel bureau which is normally a constant operation here in the Canal Zone. They would be the ones who would make up their minds whether—

Mr. ZEFERETTI. My point is, sir, that they continued to refuse the acceptance of review under the law at that time and there was a continuity from one director to the next.

Mr. GRAHAM. The director remains the same. You could say from one governor to another.

Mr. ZEFERETTI. From one governor to another or to the next? Excuse me.

Mr. GRAHAM. You see it is not always the governor's fault. These things zero in on the General Counsel. It always seems to end up there and that is where it dies.

You can pass a law—for instance the Federal Wage System by Congress specifically excluded the Canal Zone. It stated that right in black and white. But this man will take this law, because it is going to result in a down-grading of 1,300 people, if he can get away with it, and find nowhere in there that it says that you can't do it administratively, so that is how we do it.

Then you have the FSLA, which says you must do it, but he will nitpick every bloody sentence in there to see if somewhere we can stretch it to include people who shouldn't be included in the exemption policy or what can we do in general to delay the whole operation?

Now, imagine the expense of this to the company? You owe 2-1/2 years of retroactive pay and the employees are going to start screaming, so we have to pay a bunch of accountants overtime to run the computer to pay people you should have been paying in the first place, and you would have saved money right off the bat. So it goes on and on and on.

Right now we have the D.C. problem here. For years we have had a very generous agreement with the Washington, D.C. office for the school teachers and so on like that. They come into a City Government in D.C.

"Bam, there's the paragraph I have been looking for, by God. Now I can stop them from getting that money."

Mr. ZEFERETTI. It seems to me though there would have to be some sort of mechanism put into place to enable you to have a place to go, whether it be the Governor's office direct or another appeals board system.

Mr. SHEPPARD. We can go to the Governor's office and as Congressman Metcalfe can tell you we quite often have to go to him.

The Panama Canal Subcommittee in fact in the last few years has been the only thing we can do to apply pressure to get us things we actually do deserve.

Mr. METCALFE. I regret exceedingly that because of the number of witnesses who must testify, to give us a chance to interrogate, that I will have to now invoke the five minute rule.

Proceed.

Mr. ZEFERETTI. One more question, Mr. Chairman.

It is a question of Mr. Drummond's denial to speak before the Members of Congress, as the legislative chairman of your particular group. I would think he would be the proper person to come down and give that kind of testimony.

What was the reason given for his refusal?

Mr. GRAHAM. Mr. Drummond is right here.

Mr. ZEFERETTI. I am directing it to any one of you who wants to respond.

Mr. DRUMMOND. Congressman Zeferetti, when this thing was brought up there was a lower level indication to me, in which I appealed the decision not to allow me to go to the States, that the Company/Government had been more than generous in the past, in my individual case, in giving me leave to go to the States, either extending leave when I didn't have it or giving leave without pay or some similar type provision.

I strongly emphasized that I wasn't acting as an individual, I was acting as a representative of the employees and that it was a case with this particular committee, or subcommittee, which was of the Appropriations Committee, that there was a great need for the employee to be represented there.

Mr. ZEFERETTI. Excuse me. Was your group asked to come down and testify or send a representative to testify?

Mr. GRAHAM. The legislative chairman had indicated to the body that he had requested to testify. He came before the body. The body approved his going.

Mr. ZEFERETTI. Go on. I'm sorry.

Mr. DRUMMOND. At the Governor's level and also at the lower level I indicated there had been a mix-up in the person who was going to testify. One of the witnesses, a man by the name of Philip Harman, and myself, were being evaluated, one or the other, and during the conversation with the committee counsel or committee assistant, it seemed to me apparently that Mr. Harman would testify.

I indicated to the Governor then that there was a mix-up there but it was not an overriding problem, and so I requested that I be allowed to participate in this hearing.

Mr. ZEFERETTI. Who chose Mr. Harman?

Mr. DRUMMOND. I believe the assistant counsel of the subcommittee for Mr. Long did.

When I arrived in Washington, D.C. the problem was resolved by allowing Mr. Harman and myself to testify.

Mr. ZEFERETTI. To come back over here?

Mr. DRUMMOND. Yes. In any case the issue was, either resigning or going AWOL in order to testify. I strongly indicated to the Governor that considering the fact that you have got taxpayers here that should be represented, and they are not being represented, certainly the agency is not going to represent them on this particular matter which happened to be human rights, I felt a vested, strong indication that I should go to the States, regardless of whether or not the Company/Government gave me permission to go.

I had two choices to make, either resign or go AWOL. I chose to resign to go up there. I felt there was a great need there and—I resigned.

The Company has now said that since I performed duty subsequent to submission of the resignation, I withdrew it. I withdrew it. Now, it is my understanding I am going to be charged AWOL for that period of time that I was off the Isthmus and the day I got back.

Mr. ZEFERETTI. You say under your agreement they gave you the right to have these type of individuals go down and testify?

Mr. GRAHAM. Oh, yes. The metal trades has had this with the Panama Canal Company since 1913. It has never happened before. As legislative chairman that is his job. He is our lobbyist and when the body votes to send him up the company has never ever restricted his activities and we have had people up there over a year straight in the past off the Isthmus and have never had any trouble.

Mr. DRUMMOND. I would like to extend further that there was a protest that was going on for several weeks, and the whole Company/Government knew that I had every intention of going up, from my supervisor on up.

The Labor Management Relations man was informed a week, two weeks before.

Mr. SIMONEAU. Let the record show three days.

Mr. DRUMMOND. I am not talking about formally; I am talking about informally.

Mr. ZEFERETTI. I don't want to take up any more time, but I will speak to the Governor and to the people. I would just like to find out a little bit more.

[The following information was provided by Mr. Drummond:]

April 17, 1977

STATEMENT OF EVENTS SUMARIZED BY WILLIAM R. DRUMMOND
BEFORE THE HOUSE PANAMA CANAL SUBCOMMITTEE ON APRIL
13, 1977 IN BALBOA, CANAL ZONE; ACTIVITIES THAT LED
TO MY RESIGNATION FROM THE CANAL ZONE GOVERNMENT.

1. In February 1977, while in Washington, D.C., I had been informed that the House Appropriations Committee, Foreign Assistance Subcommittee, had intentions of holding "Human Rights" hearings in March of 1977.

Because I was to shortly return to the Canal Zone, I did not then directly contact the Staff Council of that Subcommittee on this matter. However; I was able to confirm that these hearings would be held, and I made arrangements to contact the Subcommittee indirectly.

2. Upon my return to the Canal Zone, I telephoned the Subcommittee's Staff Assistant, Mr. Donald E. Richbourg, who instructed me to write to the Chairman for an invitation. I did so soon after making this telephone contact.
3. I set about informing various members of the Police Union that I intended to testify on this matter, and my reasons for the merit of this action.

I informed several members of the Central Labor Union, and several U.S. and Non-U.S. Canal Zone Civic Council leaders of the importance of these hearings, and I indicated that at least one Civic Council representative should also attend these hearings.

-Page Two-

4. I held a C.L.U.-M.T.C. Legislative Meeting, to report on my activities in Washington D.C. and I also brought out the fact that this hearing was to be held, and the merits of attending it.
5. In Mid-March 1977, The Canal Zone Governor formally presented a list of labor issues to the Canal Zone Labor Unions. One day after this event occurred, the Canal Zone Balboa District Police Commander, M.P. Gordon, held a meeting on this subject at the "Police training center". I attended and spoke at that meeting. I clearly brought out at that meeting that I intended to testify, along with several "Panamanian exiles" at this hearing in Washington.
6. Soon thereafter, the Canal Zone Police Union held a meeting to authorize my departure to Washington during the time that this hearing was to be held.
7. Also after the Canal Zone Governor had presented his list of labor issues; the Central Labor Union-Metal Trades Council held a meeting and voted to support me at these hearings. I clearly brought out in this meeting that I would have no problem testifying. (Just prior to submitting my request to the C.L.U.-M.T.C., I was informed by Mike James, a Director of the Canal Zone Public Information Corporation, that Mr. Phillip Harman had been selected to testify at these hearings. I informed Mr. James that for various structural reasons Mr. Harman could not ideally represent the various labor and civic-council units within the Canal Zone on this matter. I further assured Mr. James that the problem would be easily resolved when I got to Washington, D.C.)

I also gave this same assurance to the members of the C.L.U.-M.T.C. prior to their voting on this trip.

-Page Three-

8. At a Local 14, A.F.G.E., where I was an invited guest, I again brought out that I would testify at this hearing.
9. Also, soon after the Governor released his labor paper, I discussed this hearing matter with the labor relations specialist for the Governor, Mr. P. Simoneau. Mr. Simoneau has indicated that I am in error in recounting this meeting. I see no need to argue the issue.

The point that I make is that prior to submitting formal papers requesting leave in order to attend these hearings, Canal Zone Management was fully aware that I was going to the States to testify at these hearings, not as an individual but as a representative of labor.

1. On March 23, 1977 I submitted a formal leave request for March 27, 1977 through April 8, 1977.
2. On March 25, 1977, my leave request was turned down. I immediately set about appealing this decision up to and including the Governor.
3. At the level of the Lt. Governor on down I was informed:
 - a. The agency had, over the last several years, been more than fair in granting me leave in the past.

They had indicated that my activities in this regard were causing a disruption in proper order within the police division and that a line had to be drawn sometime.

They had indicated that I had not been invited

-Page Four-

at these hearings.

- b. I in turn, informed these supervisors that I was not acting in the capacity of an individual but rather as an elected representative of the police union and the Central Labor Union-Metal trades Council.

This matter was of extreme importance to all Canal Zone employees and the Congress as well.

Mr. Harman could not speak for labor in the Canal Zone and that this problem could be easily resolved when I got to Washington.

4. The Governor repeated much of the same position that I had been told by his subordinates and further stated:
- a. After this matter had been fully staffed, he had made the decision not to grant my leave request.
- b. He emphasized that there had been no outside influence in this matter.
- c. He suggested alternate ways in which he felt I could present my views at this hearing
5. When I spoke to the Governor I repeated the above and stated:
- a. Even discounting all of the above the residents of the Canal Zone, as tax-payers, had a right to ensure that their view, given its best face, was presented to the Congress.

-Page Five-

- b. I brought out the extreme importance of the jurisdiction and subject matter of this sub-committee hearing.
- c. I stated my strong belief that my duty, as a government employee was to the U.S. tax-payer first and to the agency second and that any further action that I may take on this matter would be based on that premise.

- 6. On the 26th of March 1977, I submitted a copy of my resignation to the Lt. Governor at his home.
- 7. Soon after I took this action, I met with the President of the C.L.U.-M.T.C., Alfred Graham, and several other Labor and Civic leaders; all of who admonished me for taking the action that I did. They demanded that I withdraw my resignation and that I report for work that same night. I was informed by Mr. Graham that the C.L.U.-M.T.C. had a long standing agreement on this matter, and that if allowed to stand, I would be the first representative in the history of the Canal to be refused this courtesy. He further stated that this action would severely damage the Canal Zone Labor movement.

I agreed to return to work that evening and requested Mr. Graham to contact Mr. Simoneau and inform him of my intentions.

- 8. On March 30, 1977, after discussing this matter and the content of my presentation with Mr. Donald Richbourg, I was invited to testify at these hearings.
- 9. On April 11, 1977, I met with Police management and the Civil Affairs Director, Mr. Cotton.

-Page Six-

At this meeting, I was formally told that the Governor had set my resignation aside because it was unclear of my intent, and that I was being carried in the status of leave without pay until my return to the isthmus. (A.W.O.L.) I was further informed that I would be charged administratively for the time period that I had been absent, unless I reaffirmed my intent to resign. I was given until Thursday, April 14, 1977 in which to make a decision.

10. On Thursday, April 14, 1977, I returned to my position as a Canal Zone Policeman.

Respectfully submitted,



William R. Drummond, Chairman
Legislative Committee
Central Labor Union-Metal Trades
Council.

Chairman, House Appropriations Subcommittee
cc; Chairman, Panama Canal Subcommittee
President, C.L.U.-M.T.C.

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*Letter opened in presence of
 Affairs Section April 15, 1977*

Congress of the United States
House of Representatives jc
Committee on Appropriations
Washington, D.C. 20515

March 23, 1977

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 225-2771

Mr. William R. Drummond
 P.O. Box 1994
 Balboa, Canal Zone

Dear Mr. Drummond

This is in further regard to your request of Chairman Long that you be given an opportunity to present testimony to the Subcommittee on Foreign Operations Appropriations.

The Subcommittee plans to hear public witnesses on Wednesday, March 30, 1977. Due to the Subcommittee schedule and the large number of witnesses requesting to appear, we are by necessity limiting each witness to ten minutes.

In light of the brevity of your proposed appearance before the Subcommittee and the previously scheduled appearance of Mr. Phillip Harman, we recommend that you submit a prepared statement which will be inserted in the record at the appropriate place.

Sincerely,

Donald E. Richbourg
 Donald E. Richbourg
 Staff Assistant
 Foreign Operations Subcommittee

Box 1090
Balboa, Canal Zone
March 26, 1977

To: Governor Harold R. Parfitt
Through: Canal Zone Police Division

Dear Governor Parfitt:

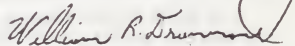
Please be assured that I have taken into very serious consideration our conversation regarding my request for time-off to testify at the Human Rights Hearings in Washington, a matter of great concern to residents in the Canal Zone.

As you know, I made a commitment to the Canal Zone Central Labor Union, the Canal Zone Police Union and, more recently, to a would-be refugee from Panama to represent their interests at these hearings. Delegates to the Central Labor Union, for instance, gave their unanimous consent that I represent that organization as its Legislative Chairman. And whereas the U.S. Government may lightly consider the life of the aforementioned Panamanian, I cannot. Moreover, thirteen years ago I took an oath to serve the U.S. taxpayer first, the Agency second, and my family and me third. I believe so, therefore, when I state that I cannot, in good faith, deviate from that oath or from the commitments mentioned.

I must reluctantly submit to you my resignation effective 11:00 P.M. of March 27, 1977. I add, however, that I expect to return to the Canal Zone on or about April 8, 1977, when I shall definitely apply for reinstatement to my present position in the Canal Zone Police. I sincerely hope that you will favorably consider my application.

It should go without saying, sir, that labor officials and civic council leaders are very much acquainted with the extreme pressures presently being applied to negate the devastating thrust of these hearings, including even the small part that I might have in testifying. With sincerest respect, therefore, for your past considerations, I remain

Sincerely yours,

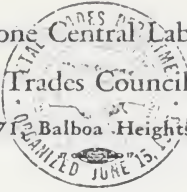


William R. Drueger

cc: Senator Jesse Helms
Congressman Clarence D. Long
Congressman John M. Murphy
Congressman Ralph H. Metcalfe
Congressman Daniel Flood
Mr. Alfred J. Graham, Pres., C.Z. Central Labor Union
Mrs. Patricia Fulton, President, Pacific-side Civic Councils
Mr. Ralph Sheppard, Pres. AFT Local 29

Canal Zone Central Labor Union
and Metal Trades Council, AFL-CIO

Box 4712 Balboa Heights, C. Z.



April 21, 1977

William R. Drummond, Chairman
Legislative Committee
P.O. Box 1990
Balboa, Canal Zone

William F. Kessler, Chief
Canal Zone Police Division
P.O. Box M
Balboa Heights, Canal Zone

Dear Chief:

Your letter to me dated April 20, 1977 proposing to discipline me is in violation of P.C.P.M. regulations Chapter 751, Subchapter 2, section 2-4d.

Since the action in question that I took was given to me by right of the Congress of the United States, I have decided to file an unfair labor practice against the Company/Government.

I make the above statements so that you as a Company/Government official may be put on notice of my rights and the administrative action that I am taking to protect those rights.

Sincerely yours,

William R. Drummond
William R. Drummond



CANAL ZONE GOVERNMENT
CANAL ZONE



IN REPLY REFER TO:
CAPL

Balboa Heights, Canal Zone
May 3, 1977

Officer William R. Drummond
Through: District Police Commander *[Signature]*
Balboa Police Station

Dear Officer Drummond:

My letter of April 20, 1977, which you received on April 20, 1977, notified you of my proposal to suspend you from duty without pay for five (5) workdays for unauthorized absence from duty.

You were advised that you had ten (10) calendar days in which to answer the charge, either orally or in writing. You chose not to respond. I have reviewed all the evidence as outlined in the proposed letter, and I find the facts fully support your suspension.

It is my decision, therefore, to suspend you from duty without pay for five (5) workdays, effective May 12, May 13, May 14, May 15, and May 17, 1977.

You have the right to appeal this decision at any time after receipt of this letter but not later than 15 calendar days after the effective date of the suspension. Any such appeal must (a) be in writing, (b) be addressed to the Civil Affairs Director through me, and (c) state specifically the facts upon which your appeal is based. You may submit affidavits, statements or other evidence in support of your appeal.

A copy of this notice and all related documents shall be placed in your official personnel folder.

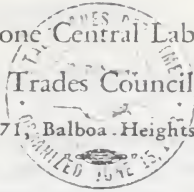
Please acknowledge receipt of this letter by signing, dating and returning the enclosed copy.

Sincerely yours,

W. F. Kessler

W. F. Kessler
Chief, Police Division

Canal Zone Central Labor Union
and Metal Trades Council, AFL-CIO
Box 471, Balboa Heights, C. Z.



April 21, 1977

William R. Drummond, Chairman
Legislative Committee
P.O. Box 1090
Balboa, Canal Zone

Gordon M. Frick, Director
Personnel Bureau
P.O. Box M
Balboa Heights, Canal Zone

Dear Mr. Frick:

It is with deep regret that I lodge, through this letter, an "Unfair Labor Practice" against the Canal Zone Government based upon the following P.C.P.M. regulations:

- 711.6-2a The Company-Government shall not:
- (1) Interfere with, restrain, or coerce an employee in the exercise of the rights assured by this chapter;
 - (6) Refuse to consult with a labor organization as required by this

-Page Two-

chapter.

Specifically pursuant to chapter 711, Subchapter 4, sub-section 4-3 (Consultation Procedure)

a. When consultation shall occur.

"Prior to establishing or modifying any policy or procedure that is within the scope of section 4-1 of this chapter, management shall initiate consultation with labor organizations that have been granted recognition in the unit(s) of recognition involved.---" (emphasis added)

Those areas affected under section 4-1 are:

- (3) Labor-Management Relations
- (6) Leave Scheduling
- (7) Procedures for handling grievances and appeals from adverse personnel actions.

On March 25, 1977, acting as the Legislative Chairman of the Central Labor Union-Metal Trades Council, I was refused the right to "leave" in order to testify at a Congressional Hearing scheduled to be held in Washington, D.C. on March 30, 1977.

On April 20, 1977, I received notice that the Company/Government has proposed to discipline me for asserting the above right.

As you know, the Company/Government has a long-standing agreement with the C.L.U.-M.T.C. in granting its representatives leave in matters such as these. No prior consultation was made in the repudiation of this agreement.

Further; soon after exercising the above right, it is my understanding that labor and management entered into a subsequent agreement to resolve this matter to the best interest of both.

The action taken by the Company/Government on April 20, 1977 has repudiated this subsequent informal agreement. (I repeat

-Page Three-

that it was management and not labor that broke this agreement.)

Mr. Frick, I wish to point out I have used the term "right" rather than "privilege" for the simple reason that by statute the Company/Government cannot refuse any Canal Zone resident from presenting a grievance to the "Government", the Congress of the United States, regardless of whether that individual has been requested or not. In my case the facts speak for themselves; I did testify at the hearing in question.

I base this assertion on the Canal Zone Code, Title 1, Chapter 3, -Personal and Civil Rights
 section 31. Rights and guarantees

- (3) "Laws abridging the freedom of speech, ---and petition the Government for a redress of greivances are void." (emphasis added)

I wish to further assert that pursuant to P.C.P.M. regulations Chapter 751, Subchapter 2. Disciplinary Parotices
 section 2-4 Fixing the Penalty

- d. "Disciplinary action shall not be taken in any case where the sole basis for it is the employee's exercise of rights granted by law or regulation."

For the Company/Government to now propose disciplinary action against me for exercising a right given me by statute, they not only deny me the rights given me by the agency, but they also deny me the rights given me by the Congress of the United States.

I am requesting that you sue your office to effect the following:

1. Set this disciplinary action aside; and

-Page Four-

2. Formally include the above rights in the P.C.P.M. (labor-management chapter) so that other Canal employees will not be faced with the same problems that I have; and
3. I be given two days administrative leave for the time that I spent testifying before the Appropriations Committee, and April 11, 1977, the date that I met with Canal Zone management formally on this matter.

Enclosed is a more detailed summary of events regarding this matter.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "William R. Drummond". The signature is written in dark ink and is positioned above the typed name.

William R. Drummond
IF-174211



"The Land Divided — The World United"

March 28, 1977

The Honorable Harold R. Parfitt
Governor, Canal Zone
Balboa Heights, Canal Zone

Dear Governor Parfitt:

As elected leaders of U.S. citizens in the Canal Zone, we are most concerned that our people be represented competently and responsibly in local issues, and where possible, be represented in Washington, D.C. as well.

William Drummond was given the opportunity to represent us in the presentation of documented testimony in Human Rights hearings now being held in Washington. We believe that the denial of his request for leave without pay was the direct result of pressure from the State Department. This non-elected body of individuals consider Mr. Drummond a source of irritation in Canal treaty matters because he presents documented views that do not jibe with their own views on Panama and the Canal treaty.

We believe that Mr. Drummond's hastily submitted resignation was a result of duress; he felt he had a duty to perform in representing us as the Human Rights hearings and yet he did not want to be AWOL while in Washington. In view of the fact that Mr. Drummond went to work after submitting the resignation and that he did not sign an official resignation form, we believe his resignation should be negated. In addition, we request that he be placed on "leave without pay" status, something that is granted to other less controversial employees without incident.

Our people believe in free speech and the free discussion of all sides of an issue. The State Department in this instance has attempted to stifle what they consider dissent. If their bureaucratic meddling is effective in this instance, in order to be rid of an "irritant", we will take this matter to the Legislative Branch of our government.

In the meantime, as word of Mr. Drummond's being refused leave is in circulation, you can expect serious repercussions among the already restless Canal workforce.



"The Land Divided — The World United"

2

Respectfully submitted,

Harold B. Green, Jr.

Harold B. Green, Jr.
President, Gamboa Civic Council

Patricia Fulton

Mrs. Patricia Fulton
President, Pacific Civic Council

cc: Senator John McClellan
Senator Strom Thurmond
Senator Jesse Helms
Congressman John Murphy
Congressman Ralph Metcalfe
Congressman Gene Snyder
Congressman Robert Dornan
Congressman Daniel Flood

Public Witnesses - March 30, 1977

Room H-303

<u>Name</u>	<u>Time</u>	<u>Remarks</u>
1. Morris Amitay	10:00 A.M.	Executive Director, American Israel Public Affairs Committee
2. Wallace Campbell	10:10 A.M.	President-Emeritus, Foundation for Cooperative Housing, International
3. William Cotter	10:20 A.M.	President, The African-American Institute
4. Kenneth Naden	10:30 A.M.	Chairman, Advisory Committee on Overseas Cooperative Development
5. Lois Van Valkenburgh	10:40 A.M.	Executive Secretary, Citizens Committee for UNICEF
6. Carl Marcy	11:00 A.M.	Attorney, Representing U.N. University
7. Phillip Herman	11:10 A.M.	Director of Information, Canal Zone Non- Profit Public Information Corporation
8. John Bullitt	11:20 A.M.	Treasurer, New Directions
9. James Morrell	11:30 A.M.	Associate, Center for International Policy
10. Chris Baker	1:40 P.M.	Director, Planning, Credit Union National Association, Inc.
11. Human Rights	2:00 P.M.	
12. Alan Rubin	2:40 P.M.	President, Partners of the Americas
13. Rev. Collins	2:50 P.M.	Office of the President, Special Assistant for Federal Relations, Georgetown University
14. Carmen Votaw	3:00 P.M.	Overseas Education Fund, League of Women Voters
15. William Drummond	3:10 P.M.	Chairman, Canal Zone Central Labor Union - Metal Trades Council Legislative Committee

It seems a little incredible to me.

Mr. DRUMMOND. I think it is, too. I feel that these employees have a right to be represented.

Mr. ZEFERETTI. I don't think you should have to pay the penalty for being legislative chairman of an organization. I don't think there should be a penalty imposed on you if you represent United States citizens here.

Thank you, Mr. Chairman.

Mr. METCALFE. Thank you, Mr. Zeferetti.

The gentleman from Indiana, Mr. Hillis.

Mr. HILLIS. Thank you, Mr. Chairman. To save time I would like to request that the Governor and his representatives be given an opportunity to submit for the record a written position of their side of the issue.

Mr. METCALFE. I don't know whether the Governor heard you, but you are making a request for unanimous consent that the Governor have an opportunity to give a written response to this question involving Mr. Drummond's trip.

Mr. HILLIS. Yes, to present their side.

Mr. METCALFE. Unless there is objection it will be so ordered.

[No material was received at time of printing.]

Mr. HILLIS. Mr. Graham, I have a question:

On point 16 which you brought up, which is a human rights point, as I understand it, perhaps you don't know, but how many people do you believe would actually be covered by this, or might seek priority admission to the States on this basis?

Mr. GRAHAM. Our biggest concern here was the Canal Zone police who are affiliated with the Central Labor Union and Metal Trades Council. These people at the present time are being called traitors. I think there is a word called "venda patria" or something of that nature, as a result of their jobs with the Canal Zone policemen.

As a result of their jobs as Canal Zone policemen, with the emotional issue over sovereignty, these people are in completely bad shape. If the United States leaves, it is very likely that these people could face a little bit of trouble.

Outside of the police department there may be others but that was the crux of our argument here, it was the Canal Zone police.

Mr. METCALFE. Thank you.

Mr. Modglin.

Mr. MODGLIN. Just one question, Mr. Chairman.

Do you concur with the other groups of organized labor who have excepted themselves from this concept as presented in the assurances of some guarantees for United States citizens and other guarantees for non-U.S. citizens?

Mr. GRAHAM. We always support guarantees for all employees. There is no question about that. Whatever guarantees are given to one, if it's legally possible, should be given to the others.

Mr. MODGLIN. That is all, Mr. Chairman.

Mr. METCALFE. Thank you. Mr. Nonnenmacher.

Mr. NONNENMACHER. Thank you, Mr. Chairman.

I would like to address a brief question that I hope Mr. Drummond can briefly answer, in view of your restrictions on time, Mr. Chairman.

To put the question generally on an earlier point I raised on the subject of Communist infiltration in the labor movement on the Isthmus, in the Canal Zone or in the Republic of Panama, could you, Mr. Drummond, give us what your personal opinion is—not your opinion but the facts that you may have ascertained in your duties as a policeman. I don't mean confidential material. Both as a member of the police force, and as a member of the labor movement in this area, do you have any knowledge of any extensive Communist infiltration into the labor union movement, any labor organization, any labor union whatsoever?

Mr. DRUMMOND. I cannot give a precise figure on the infiltration of the Communist movement in Panama in the labor forces. I feel it is extensive, based on my experience in the labor force for five years. I believe that the Minister of Labor, Mr. Ahumada, is considered to be a Communist.

I don't know if he is a professed Communist. In the banana region of Panama it is a well known fact that it is deeply infested with Communists. I have been given quite a bit of information, some formal, some informal, that the Communist movement is increasing in Panama and I assume it is also increasing in the labor movement, and I am talking about both formal and informal documentation.

I would be glad to furnish a later date to the committee if they care to have it inserted in the record.

Mr. METCALFE. I think it very important Mr. Nonnenmacher, that this matter be included because his answer is only his opinion, and it needs to be documented.

Let the record show we will welcome such substantiating testimony from you, Mr. Drummond.

Mr. NONNENMACHER. I would only like to add an addendum to that request. The former chairman of the full committee, Mrs. Sullivan, was quite concerned with any Cuban influence anywhere in the Republic of Panama, and I would ask if you have any new information in that area, if you will provide that also.

That is the only question I have.

Mr. METCALFE. It is so ordered unless there is objection.

[The information referred to follows:]

April 24, 1977

STATEMENT OF WILLIAM R. DRUMMOND
LEGISLATIVE CHAIRMAN OF THE C.L.U.-M.T.C.

MADE TO

THE HOUSE PANAMA CANAL SUBCOMMITTEE

IN RESPONSE TO THEIR INQUIRY OF COMMUNIST INFLUENCE IN THE
PANAMA LABOR FORCE.

Dear Mr. Chairman:

In reply to the subcommittee's request to supply them further information on the Communist movement in labor in the Republic of Panama, I have enclosed the following analysis:

At the Panama Canal Subcommittee hearing held on April 13, 1977, in Balboa, Canal Zone, I stated that the Minister of Labor and Social Welfare, Adolfo Ahumada, was a well known Communist and that, in the area of the banana plantations, the communist movement is known to predominate.

I further stated that this movement has been progressive over the last eight years, becoming more and more viable.

To be sure, only a very small percentage of the labor force in Panama can honestly be considered ideological communists. Even less can be recognized as professed communists. This is due to the fact that the vast majority of Panamanians are anti-communist.

This being the case, you may wonder how it is possible for the communists to have control of a large portion of the labor force within the Republic?

The answer is simple. They offer the employee a better deal and for the last eight years they have been able to come through on

their premises. The communists have, since 1970, taken up each labor benefit, before it was implemented, as their own, preempting their competition, and they have had the full support of the Minister of Labor, in liege with Romulo Escobar Betancourt, Special advisor to General Torrijos, and Juan Materno Vasquez, Chief Justice of the Supreme Court, to help push the government into implementing these benefits. In several cases, along with the Ex-Minister of Labor, Dr. Rolando Murgas and author of the new labor code, Minister Ahumada is personally recognized as the sponsor of these benefits. Minister of Government and Justice, Jorge Castro has helped to enforce these labor benefits upon industry.

The Panama government, in turn, was able to gain support of their own objectives as long as the work force could be satisfied.

The leadership of the different Unions in Panama went to those persons, communists and/or opportunists, who had the ear and support of the Labor and Government ministries.

One clear example of this partnership can be found in the personage of Domingo Barria, a well known Communist Union organizer. Mr. Barria masterminded the one large Central Labor Union in Panama, now called the "Central De Trabajadores De Republica De Panama. (C.T.R.P.)

Who in labor can argue against a winning combination such as this? Benefits for all; a chicken in every pot. All one need do is denounce imperialism, the oligarchy, fascism and of course the Canal Zone. Let me give you just a few examples:

- A. On February 28, 1975, Mr. Barria participated in the Permanent Congress of Latin American Workers Union Unity (CPUSTAL), a communist front activity.

Over 20 countries participated in this Latin American reunion, including representatives from as far away as Palestine.

Dr. Rolando Murgas, Ex-Minister of Labor, opened the session. The Panama delegation consisted of:

1. Central National de Trabajadores Panamenos
2. Federacion de Trabajadores de Prensa, Radio, Cine, Teatro, Television y Espectaculos, de la Central Istmena de Trabajadores
3. Confederacion de Trabajadores de la Republica de Panama del Consejo Nacional de Trabajadores, Organizadas de la Republica de Panama (CONATO)
4. Federacion Sindical de Trabajadores de Panama

The delegate from Cuba, Roberto Vega, spoke in the name of the full Congress of Latin American Workers Union Unity (CPUSTAL)

Juan Campos spoke for the "Federacion Sindical Mundial".

Domingo Barria spoke for the "Central National de Trabajadores". Communist Russia also participated in covering this function that was held in Panama. (See news article #1 enclosed)

- B. In the "Matutino", 7-26-75 an article entitled "Acts in Honor of Cuba", appeared. The Cuban Ambassador is shown addressing a group organized by the "Anti-Fascist Committee", a communist front organization, in a "Political-Cultural Act". The past Rector of the Panama University, Dr. Romulo Escobar Bethancourt, is identified as presiding over the "Anti-Fascist Committee," and in fact is one of its founders. Domingo Barria also addressed this group. (See article #2)

C. In the "Estr~~e~~lla de Panama", 3-19-77 an article appeared in which the communist front organization "CONADESOPAZ" takes up the cudgel of Race Discrimination. In this article, Panama is attempting to distort treaty related items as racial discrimination against Panamanians. The celebration is "International day for the elimination of all forms of discrimination".

Dr. Pedro Brin Martinez, a member of the U.N. committee for the elimination of all forms of racial discrimination was a featured speaker at this rally.

His connection to Canal Zone labor becomes clear, when one studies this recent Panama U.N. protest. (See example #3)

D. In the "Estr~~e~~lla de Panama", 3-17-77, an article appeared entitled "Council of Peace had a meeting here".

"In a simple but solemn act various professional, farmer, worker, student and civic organizations met at the "House of Journalists" on the 15th of March.

The meeting was held to salute "Dr. Samuel Zivs", Vice President of the Soviet Jurists Association and Nathaniel Hill, permanent representative for Latin America before the World Council of Peace.

Dr. Capilo O. Perez, a well known communist in Panama, and the President of "CONADESOPAZ", the Panama component of the World Council of Peace, a soviet organ, spoke at this meeting. Ironically, Dr. Perez was a recent recipient of a State Department grant. Also mentioned at this meeting was Carlos Wong and Profesor Pedro Lowaña, members of the "Frente de Trabajadores de la Cultura". (See example #4)

- E. In the "Dominical", 4-24-77 an article appeared entitled "Concentracion obrera en Puerto Armuelles", Labor Rally in Puerto Armuelles, the so-called banana plantation area of Panama, is set to celebrate May 1, 1977, International Labor Day.

Fulgencio Castillo, a member of the "Federacion Nacional de Trabajadores Panamenos" and the "Comite Permanente de Unidad y Defensa de los Intereses Populares de Chirique", will sponsor the organization of this rally. (See example #5)

- F. In the "Star & Herald", 4-23-77 an article appeared entitled "New Union Chief to be Installed". This article indicates that there will be an installation of new officers of "Panama's National Federation of Democratic Workers".

Minister of Labor, Adolfo Ahumada, and other top government officials and Unions were in attendance.

Luis A. Anderson, Secretary General of Local 907, A. F.S.C.M.E., the U.S. Armed Forces Worker's Union in the Canal Zone, was installed to replace Gerardo Mendez as the Chairman of the Federation.

"The Federation also forms part of the powerful Panama Workers Federation". (See example #6)

The above news articles are, of course, only a very small sample of the "Partnership" created between Labor, Government, and the Communist objectives in Panama and the Canal Zone. Not all participants are professed communists. However; if one helps perpetuate the goals of that organ, does it really matter?

The United Nations has, in its International Convention on the Elimination of All Forms of Racial Discrimination, Fifteenth session, dated November 3, 1976, reprinted the essential laws

governing trade Unions within the Republic. (They are included in this writting for easy reference.)

It should be carefully noted, in this reference, that all trade union activities in Panama exist at the discretion of the Panama government.

It should also be noted that the charges and allegations contained in this document are the latest examples of the consistent system used by the Panama government in which it has destroyed and/or taken over various private enterprises within that country.

In almost every case industrial earnings are restricted or frozen by government decree or by supply and demand.

The government then encourages employee demands for increased wages and benefits. The government steps in as the employee's champion and arbiter. When the particular industry cannot financially meet these demands, the government assumes control at a fraction of the value of the industry.

The generally poor economic trend in Panama has been caused, to a great degree, by the above circumstances.

Enclosed is a recent example of this problem:

On April 24, 1977, Mr. Jativa, a panamanian, presented himself at the Balboa police station. Mr. Jativa is the owner of a tool shop in the Republic of Panama.

He stated that he could no longer tolerate the economic pressures put upon him by the Panama Government, and he further stated that he was not seeking political asylum, but that he was not leaving the police station until he was locked up. He persisted in his demand, until he was arrested for disturbing the peace.

That evening, his wife tried to get him to leave, but to no avail. He refused to leave his cell.

Obviously, on the whole, most businessmen in Panama do not take the same course of action as Mr. Jativa, however; this man's case is not unusual.

Last year alone, many hundreds of businesses in Panama were taken over, or went bankrupt because of the Panama government's labor and business policies.

Many past examples may be given to substantiate these facts, but none of more importance to the United States than the one that is unfolding in the U.N. today; the Canal enterprise is the obvious target.

Compare the circumstances that have evolved in the U.N. claims made by the Panama government against the Canal Zone agency, and the Panama take-over of the Boise-Cascade seizure of 1972, (The specificity of this seizure may be formed in the House Panama Canal Subcommittee hearing report No. 92-1629)

In both of these cases, the labor force is used to put forth claims against a particular industry. Also, in both of these cases, if history is any indicator, there is a clear lack of forceful action by our Executive Branch to protect the interests of this industry as the problem begins, and as it evolves.

The tools for this protection is clearly outlined in these House hearings:

1. "Subcommittee inquires prior to the July-August hearings on the Boise-Cascade seizure indicated that there was ample evidence that the State Department allowed violations of the spirit and intent of President Nixon's policy on expropriations outlined in a statement of January 19, 1972."

"There was also evidence that the State Department permitted violations of the laws of the United States by not exercising its responsibilities in this case."

"The Congress expressed its position in these matters in a law passed in March of 1972, which concerned itself with loans approved by the Inter-American Development Bank. This law stipulates that the United States would deny loans to any country which had expropriated or seized ownership or control of property owned by any U.S. citizen or Corporation." .

2. "----The Provisional Junta Government of Panama,--- according to the authors of this law, repudiated or nullified their contract with that company making them ineligible for American supported financial loans."

Ironically; the Chairman of that House committee went on to state:

"If Boise-Cascade is not receiving the full support of the American Government and its rights under international law are not being observed, this may be only the beginning of a series of seizures by the Provisional Junta Government of Panama which could ultimately deteriorate United States control and operation of the Panama Canal."

Now reflect, if you will in 1977, the active part that Mr. Anderson, Chairman of the "Federation of Panama's Democratic Workers", and Secretary General of Local 907, A.F.S.C.M.E., an affiliate of the A.F.L.-C.I.O., played in Panama's protest to the U.N. against discrimination within the Canal Zone.

From personal knowledge, I am aware that this organization has been, for at least the last year, urposfully soliciting Canal Zone employee grievances, and turning them over to the Panama Labor and Foreign Ministries. It should be obvious now, after the publication of this U.N. protest, for what use these grievances were to be used.

I wish to point out here, that during this same period, I had on several occassions brought this problem, and its solution to the attention of the Canal Zone Company/Government.

I submitted one case to this subcommittee last year, in which the grievant had been approached, on several occasions, by these same people for just such a purpose as described above.

Fortunately for the Company/Government, this grievant was interested in solving his problem and not in being used.

Also reflect, if you will, that all of the above is just a minute example of what our country can expect from the Panama government once it is installed as a partner in the Canal enterprise.

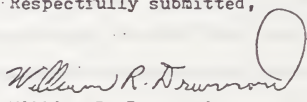
This then is the direction that the communist movement in the Panama Labor force is headed. It is the same direction that this leftist Panama government is headed.

The question should not be asked "what degree of strength does the communist movement have in the labor force in Panama".

Rather, we should be asking, when is our Executive Branch going to forcefully protect U.S. interests against this leftist controlled Panama government.

Enclosed is a list of Inter-American Development Bank Loans that have helped these people to carry out their objectives against United States interests in this area. Also enclosed is a single example of the type of propaganda used against us.

Respectfully submitted,


William R. Drummond

Más de veinte países en Congreso de CPUSTAL

El 27 de febrero a las 6:30 p.m., en el Palacio Legislativo Justo Arosemena en la ciudad de Panamá, fue inaugurado por S.E. Dr. Rolando Murgas, Ministro de Trabajo y Bienestar Social el V Consejo del Congreso Permanente de Unidad Sindical de los Trabajadores de América Latina, (CPUSTAL), con la participación de delegados obreros de Argentina, Bolivia, Brasil, Costa Rica, Cuba, Colombia, Chile, Ecuador, El Salvador, Guayana Francesa, Guatemala, Guadalupe, Honduras, México, Martinica, Nicaragua, Panamá, Perú, República Dominicana, Uruguay y Venezuela. También asiste la representación de los trabajadores de Puerto Rico y de Palestina.

En la sesión inaugural asistieron 500 personas entre funcionarios del Gobierno Revolucionario, entre ellos el Lic. Damián Castillo, Contralor General de la República, delegados fraternales de la Central Nacional de Trabajadores Panameños, Fe-

deración de Trabajadores de Prensa, Radio, Cine, Teatro, Televisión y Espectáculos, de la Central Istmeña de Trabajadores, Confederación de Trabajadores de la República

de Panamá, del Consejo Nacional de Trabajadores Organizados de la República de Panamá, (CONATO), Federación Sindical de Trabajadores de Panamá. (Pasa a la Pág. 10, No. 101)

101.

má, miembros de la prensa, radio y televisión de Panamá y de países de América Latina y la Unión Soviética.

El delegado de la Central de Trabajadores de Cuba, Roberto Vega, habló a nombre de CPUSTAL, el dirigente Juan Campos lo hizo a nombre de la Federación Sindical Mundial y el dirigente Domingo Barria a nombre de la Central Nacional de Trabajadores Panameños.

El 28 de febrero se efectuó sesión plenaria de 8:20 a.m. a 12:30 p.m. e hizo uso de la palabra el delegado de Puerto Rico, el del Guayana, El Salvador y se nombraron las comisiones de trabajo. De 2 a 3 p.m. el Sr. Contralor de la República, Lic. Damián Castillo, recibió a los delegados de CPUSTAL.

El congreso de CPUSTAL será clausurado a las 12 meridiano del domingo 2 de marzo en el Palacio Legislativo y a este acto se invita a los funcionarios del Gobierno Revolucionario, miembros de la prensa, radio, televisión y a todos los trabajadores en general.

(15)

7-26-5

ACTOS...

Valoró el aporte de la revolución cubana a la lucha contra el imperialismo y quedó plasmada la solidaridad y la hermandad cubano-panameña.

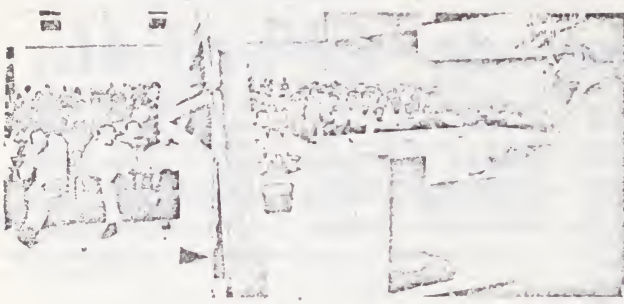
En su turno, el Dr. González Piñeiro al hacer un recuento histórico de la lucha libertaria del pueblo cubano manifestó: "Cuba fue el último de nuestros países que se liberó del yugo colonial, tras la gloriosa guerra de los Diez Años, iniciada por Carlos Manuel de Céspedes en 1868 y reanudada en 1895 con renovado vigor bajo la sabia conducción de nuestro Apóstol José Martí."

Continúa el Dr. González Piñeiro con el recuento histórico y señala que "en el año 1953, año del Centenario del Apóstol, la situación en nuestro país pasaba por una de las etapas más oscuras para nuestro pueblo."

Continúa diciendo: "Se produce el 26 de julio la gesta de Moncada. Un puñado de jóvenes se dispuso a tomar el cuartel Moncada en Santiago de Cuba, capital de la Provincia de Oriente, cuna de la revolución en nuestro país."

Ya en la parte final de su discurso dijo el Embajador Encargado de Cuba en Panamá: "Cuando aquí en Panamá recordamos a los héroes que sucumbieron ante los muros del Cuartel Moncada, reafirmamos también el derecho de nuestro pueblo a alcanzar la soberanía plena sobre su principal recurso natural, el Canal de Panamá y a extirpar definitivamente la presencia colonialista de Estados Unidos en parte de su territorio."

Terminó el Dr. González Piñeiro a los gritos de: "Viva el 26 de julio, gloria eterna a los héroes y mártires del Moncada, Viva la lucha del pueblo panameño por el rescate de la soberanía en la llamada Zona del Canal." Después de las intervenciones de los oradores se desarrolló un espectáculo artístico que contó con la participación de la Banda Republicana, Santos Díaz y los Cantores del Pueblo, Italo Dicaudi y el Taller Sonoro Víctor Jara.



El Dr. Pedro González Piñeiro Embajador Encargado de Cuba en Panamá, durante su intervención en el acto político-cultural organizado por el Comité Nacional Antifascistas de Panamá en el Paraninfo de la Universidad de Panamá, en conmemoración al XXII aniversario del Asalto al Cuartel Moncada que marcó el inicio de la revolución cubana.

ACTOS EN HONOR A CUBA

"El Moncada no sólo marca el camino de la independencia nacional y la liberación para el pueblo de Cuba sino que abrió una nueva etapa en el devenir de nuestros pueblos y mostró una vez más que no importan cuán pequeño sea un país cuando se dispone a luchar por el bienestar de su pueblo, por el rescate de sus recursos naturales y la plena soberanía nacional."

Así expresó en parte de su discurso el Dr. Pedro González Piñeiro, Embajador Encargado de la República de Cuba en Panamá, al agradecer el acto efectuado el jueves en la noche en el Paraninfo de la Universidad de Panamá, con motivo de la celebración del XXII Aniversario del asalto al Cuartel Moncada en Santiago de Cuba.

El acto fue organizado por el Comité Nacional Antifascista de Panamá, que preside el Rector de la Universidad, Dr. Rómulo Escobar Bethancourt, para conmemorar también un aniversario más de la batalla del Puente de Calidonia.

El del jueves en la noche fue uno de los actos progra-

mados por el Comité Nacional Antifascista de Panamá. Durante la mañana se había llevado una romería al busto de los apóstoles Maceo y Martí, en la plaza Porras. Domingo Barral de la Central Nacional de Trabajadores, hizo uso de la palabra en el acto político-cultural celebrado en el Paraninfo de la Universidad.

El Rector de la Universidad de Panamá, Dr. Escobar Bethancourt lo hizo por el comité organizador. Durante su intervención desarrolló una exposición que destacó la heroica participación de Victoriano Lorenzo en la batalla del Puente de Calidonia, hace 75 años, fecha en que los acontecimientos históricos hicieron eco en

cidir paralelamente con la gesta del "Moncada".

Dijo el Rector que era importante señalar que hace 75 años en pleno corazón de nuestra ciudad, a las faldas del Cerro Ancón, una juventud heroica, la juventud panameña, se lanzó al combate hasta la muerte, con el fin de lograr mejores días para el pueblo panameño.

(Pasa a la Pág. 6-B)

Ministerio de Hacienda



CONTRIBUYENTE EL PLAZO PARA PAG SIN RECARGOS, NI INI

Día Internacional de Discriminación Racial

Con el patrocinio del CONADESOPAZ, la Casa del Periodista servirá de marco, para la celebración del "Día Internacional para la Eliminación de todas las Formas de Discriminación", con la asistencia de Su Excelencia Doctor Carlos Ozores Typaldos, Viceministro de Relaciones Exteriores, entidad estatal que, siguiendo los preceptos establecidos en la Convención Internacional que rige esta materia, ha organizado una serie de actividades tendientes a resaltar tan singular fecha.

En el mencionado acto se premiará a los ganadores en el Concurso de pintura, donde participaron diferentes artistas nacionales con afiches alusivos a la fecha y en el que resultó triunfador el joven pintor panameño Edgar Lamparero, haciéndose acreedor a la suma de trescientos balboas, donados por el Ministerio de Relaciones Exteriores. En segundo lugar fue escogido el afiche presentado por el conocido pintor Hermenegildo Zaldivar, cuyo premio será de ciento cincuenta balboas, donado por la Caja de Ahorros y, el tercer premio, lo mereció la obra del pintor nóbél Carlos Rodríguez. El jurado de este concurso estuvo compuesto por conocidos pintores panameños, encabezados por Mario Calvit y Alfredo

Sinclair, con la colaboración del Licenciado Sebastián Quirós, representante de la Caja de Ahorros.

Los organizadores de estas actividades conmemorativas a tan importante fecha que se guían con los programas de Naciones Unidas para realzar, además el Decenio contra el flagelo de la Discriminación Racial en el Mundo (1973-1983) son los distinguidos profesionales Lic. Pedro Brin Martínez, Director del Departamento de Organismos, Conferencias y Tratados Internacionales y Miembro del Comité de Naciones Unidas para la Eliminación de todas las formas de Discriminación Racial, las Licenciadas Aminta Quijada Díaz y Maria Isabel Guardia de Marín, del Ministerio de Relaciones Exteriores y el Señor Carlos Nuñez, miembro de la CONADESOPAZ, quienes han preparado el siguiente programa en alusión a la fecha:

1. Apertura del Acto por la Licenciada Maria Isabel Guardia de Marín.
2. Palabras por el Señor Luis Anderson, Secretario General del Local 907.
3. Intervención Musical.
4. Intervención de un delegado del CONADESOPAZ.
5. Palabras por el Licenciado Pedro Brin Martínez.
6. Premiación a los

ganadores del Concurso de Carteles por el Doctor Carlos Ozores Typaldos, Viceministro de Relaciones Exteriores.

7. Actuación del "Teatro Popular" de DIGEDEC.
8. Exposición de Afiches.
9. Brindis.

El acto tendrá lugar en la Casa del Periodista, a las 7:00 p.m.

RPC-

"SEM"

Glenn Fc

Consejo de la Paz tuvo reunión aquí

En un acto sencillo pero solemne, varias organizaciones profesionales, campesinas, obreras, estudiantiles y cívicas se dieron cita en la Casa del Periodista el día martes 15 del presente mes, para saludar a los señores Dr. Samuel Zivs, Vicepresidente de la Asociación de Juristas de la Unión Soviética y al Licenciado Nathaniel Hill, Representante permanente por América Latina ante el Consejo Mundial de la Paz. Las dos distinguidas personalidades hacen un extenso recorrido por este continente, para promover y explicar todo lo relacionado con el próximo Congreso del Consejo Mundial de la Paz, que se celebrará en Varsovia.

Además de las organizaciones asistentes, acompañaban a los visitantes el Dr. Camilo O. Pérez, Presidente del CONADESOPAZ en Panamá; el Reverendo profesor de la USMA, Pedro Lowana y el poeta Carlos Wong, miembro prominente del Frente de Trabajadores de la Cultura. El doctor Samuel Zivs tomó la palabra para felicitar al pueblo panameño por su denodada lucha por el rescate de su plena soberanía en la Zona del Canal, bajo la guía revolucionaria del líder máximo del proceso panameño, General Omar Torrijos Herrera. Explicó el Dr. Zivs la trascendencia que tiene para la humanidad la celebración del Congreso Mundial de la Paz en Varsovia, precisamente ahora que se celebra el 60 Aniversario de la Revolución Soviética y otro aniversario de la derrota del fascismo en Europa.

El Dr. Camilo O. Pérez ilustró a los asistentes sobre el trabajo que viene realizando en Panamá el CONADESOPAZ, que agrupa a todos los hombres, sin distinción de raza, color, religión o credo político en el afán de lograr que la paz sea un hecho cierto como vital ingrediente para el desarrollo de las naciones y pueblos del mundo. Hizo un llamado a fin de que el mayor número de panameños

Pasa a la Pág. 11, No. 113

113.

firmen el "Llamado de Estocolmo", que en su esencia reclama la paz mundial a través del desarme general. El Dr. Camilo O. Pérez destacó que Venezuela y Panamá son las naciones latinoamericanas señaladas para redactar un documento sobre nuestro continente en el mencionado Congreso y agregó que la Delegación panameña asistente al conclave, a más de que será integrada por hombres representantes de todos los estratos sociales y profesionales, deberá presentar el documento sobre Panamá, relacionado con nuestra lucha por el rescate de nuestra soberanía en la Zona del Canal, lo cual constituirá un alto honor para la delegación, ya que se espera en Varsovia la asistencia de más de dos mil delegados de todo el mundo.

El Doctor Samuel Zivs seguirá con destino a la hermana República de Costa Rica, cumpliendo igual misión y de allí seguirá viaje hacia la ciudad de Nueva York. Mientras tanto, la CONADESOPAZ se prepara para llevar a cabo una reunión amplia en la Universidad Santa María la Antigua, relacionada con el mencionado congreso. La fecha de esta reunión se avisará oportunamente.

114.

"Dominical"—La República—Domingo, 24 de Abril de 1977

Concentración obrera en Puerto Armuelles

DAVID (Por Onésimo Lezcano).—Será en la ciudad de Puerto Armuelles la magna concentración obrera del 1o. de Mayo, Día Internacional del Trabajo según declaró en nuestra redacción el dirigente Fulgencio Castillo, quien indicó que la Confederación Nacional de Trabajadores Panameños y el Comité Permanente de Unidad y Defensa de los Intereses Populares de Chiriquí, se han responsabilizado absolutamente por la organización de dichos actos, que conta-

rán con delegaciones especiales de todos los puntos de la provincia procedentes de Sindicatos, Asentamientos Campesinos Ligas Agrarias, Profesionales, estudiantes y otros grupos representativos de la comunidad provincial.

El Sr. Castillo nos declaró así mismo, que ambas instituciones están coordinando todo lo relacionado a transporte y atención a los participantes en la concentración. Hasta el momento declaró Castillo fungirán como ora-

dores un representante del CONATO y uno del Comité de Defensa de los Intereses Populares.

Castillo enfatizó que ambas instituciones están trabajando con mucho entusiasmo en la preparación de esta concentración obrera en Puerto Armuelles, que demostrará una vez más la unidad que existe entre la clase trabajadora chiricana y la conciencia existente entre tales grupos.

Funcionarios cubanos de visita en Chiriquí

DAVID (Por Onésimo Lezcano).— Altos dirigentes del Comité de Defensa de la Revolución Cubana visitaron esta provincia el pasado fin de semana en compañía del Vicepresidente Encargado de la Presidencia de la Asamblea Nacional de Representantes de Corregimientos y otros altos funcionarios del organismo legislativo.

Los distinguidos visitantes señores José Antonio Gill Noa y Orlando Pérez Fonte acompañados por los representantes panameños visitaron distintos lugares de interés en la provincia. Entre ellos fueron incluidos el nuevo Ingenio de Atlanje que inició operacio-

nes esta semana, la planta y cultivos de Cítricos de Chiriquí, y la hermosa región de las tierras altas.

Entre las empresas visitantes se incluyó el moderno molino de los Asentamientos Campesinos en Bugaba, la Fábrica de Ropas en el Corregimiento de Progreso, las plantaciones de la Corporación Azucarera de Panamá, las viviendas rurales de los Asentamientos Campesinos de Chiriquí y el Muelle Fiscal.

Los funcionarios cubanos expresaron agradecimiento por las atenciones recibidas durante su estadía en la provincia chiricana.

Star &



Herald

ESTABLISHED IN 1849

FOR THE CAUSE THAT LACKS RESISTANCE FOR THE FUTURE IN THE DISTANCE
FOR THE WORKING THAT MEETS RESISTANCE AND THE GOOD THAT IT CAN DO

 PANAMA, R. P., SATURDAY, APRIL 23, 1977

New Union Chief To Be Installed

The new officers of Panama's National Federation of Democratic Workers will be installed tonight, in ceremonies to be held in the session hall of the "Centro del Educador," located at the corner between Harry Eno and Capitan Posada Streets in the Industrial Development.

Attending the ceremonies, which get underway at 7 p.m., will be the Minister of Labor and Social Welfare Adolfo Ahumada, other top government officials, representatives of private companies and local unions.

To be installed as chairman is Luis A. Anderson, Secretary General of Local 967, Armed Forces Workers Union, who replaces Gerardo Mendez.

The National Federation of Democratic Workers is formed by several local unions, including Local 967.

The Federation also forms part of the powerful Panama Workers Federation.

CERD/C/8
page 24

The indigenous people of the country are free to use their mother tongue in their relations with one another. Even at their congresses, held with the assistance of government authorities, the indigenous language is widely used, and interpreters into Spanish are provided. Schools form the exception, because Indian students are generally prohibited from using their own languages in communicating with one another. It is claimed that this measure, which compels the child to use Spanish, helps to achieve better training in the language.

ARTICLES OF THE 1972 POLITICAL CONSTITUTION INSTITUTING
A NON-DISCRIMINATORY SYSTEM OF EMPLOYMENT
IN THE REPUBLIC OF PANAMA

Article 59. Work is a right and a duty of the individual; hence, the State is obliged to elaborate economic policies designed to promote full employment and to ensure to every worker the necessary conditions for a decent existence.

Article 60. All workers in the service of the State or of private or public enterprises or of private individuals shall be guaranteed a minimum wage or salary. Employees of enterprises specified by law shall participate in the profits thereof, in accordance with the economic circumstances of the country.

Article 61. The law shall specify the methods for periodical adjustments of the minimum wage or salary for workers, in order to meet the ordinary needs of the worker's family and to improve its standard of living, in accordance with the particular conditions of each region and of each economic activity; it may also determine the method of fixing minimum wages or salaries for each occupation.

In the case of piecework, the minimum daily wage shall be guaranteed.

The minimum wage or salary may not be seized, except in the case of obligations of support, in the manner prescribed by law. Similarly, a worker's tools or equipment may not be seized.

Article 62. An equal wage or salary shall always be paid for equal work under identical conditions, regardless of the person who performs it, without distinction as to sex, nationality, age, race, social class or political or religious ideas.

Article 63. The right of association shall be recognized for employers, wage-earners and professionals of all classes for the purposes of their economic and social activity.

The Executive shall have an unextendable period of 30 days to approve or reject the registration of a union or association.

The law shall regulate all matters pertaining to Executive recognition of unions or associations, whose legal personality shall be determined by the registration.

The Executive may dissolve a union or association only when it deviates permanently from its purposes and the competent court so rules in a final judgement.

The governing bodies of such unions or associations shall consist exclusively of Panamanians.

Article 64. The right to strike shall be recognized. The law shall govern the exercise of this right and may make it subject to special restrictions in public services which it shall designate.

Article 65. The maximum working day shall be eight hours, with a working week of up to 48 hours; the maximum duration for night work shall not be more than seven hours, and overtime shall be paid at a higher rate.

The maximum working day may be reduced to six hours per day for persons over 14 and under 18 years of age. Work shall be prohibited for persons under 14 years of age, and night work for persons under 16 years of age, except in cases specified by law. The employment of persons under 14 years of age as domestic servants and of minors and women in unhealthy occupations shall also be prohibited. In addition to the weekly period of rest, all workers shall be entitled to paid holidays.

The law may prescribe a weekly period of rest paid in accordance with the economic and social circumstances of the country and the interest of the workers.

Article 66. All stipulations which imply a waiver, diminution, impairment or relinquishment of any recognized rights of workers shall be null and void and, consequently, shall not be binding on the contracting parties, even if they are expressed in a work contract or any other agreement. The law shall regulate all matters pertaining to work contracts.

Article 67. Protection shall be afforded to working mothers. A woman who is pregnant shall not, for this reason, be dismissed from her employment, whether public or private. For a minimum of six weeks preceding the birth of her child and eight weeks thereafter she shall have compulsory leave with the same remuneration as she was paid while working and shall retain her employment and all the rights provided for in her contract. When the working mother resumes her work, she may not be dismissed for a period of one year, except in special cases prescribed by the law, which shall also govern the special conditions of work for pregnant women.

Article 68. Hiring of foreign workers which may lower the working conditions or living standards of Panamanian workers shall be prohibited. The law shall govern the hiring of foreign managers, administrators and executives, technicians and professionals for public and private services, preserving at all times the rights of Panamanians in accordance with the national interest.

Article 69. No worker may be dismissed without just cause and without the formalities prescribed by law. The law shall specify justifiable causes for dismissal, special exceptions and the compensation payable.

Article 70. The State or private enterprises shall provide workers with vocational training free of charge. The law shall prescribe the manner in which this service is to be provided.

Article 71. Trade union training is hereby instituted. It shall be provided exclusively by the State and by Panamanian trade union organizations.

Article 72. Any disputes arising in relations between capital and labour shall be submitted to labour jurisdiction, which shall be exercised in conformity with the law.

CERD/C/8
page 26

Article 73. The law shall govern relations between capital and labour, placing them on a basis of social justice and establishing special State protection for workers.

Article 74. The rights and guarantees established in this chapter shall be considered as minimum rights and guarantees for workers.

The Panamanian Government's action with regard to the labour system is based on the Political Constitution and on recommendations by the International Labour Organisation.

In Panamanian legislation, the aim is to promote public administrative action "Capable of guaranteeing the rights of the wage-earner and of assuring the employer that the worker will perform his duties correctly."

The original draft of the Panamanian Labour Code was prepared by experienced Panamanian specialists on the basis of studies by the International Labour Organisation.

A Ministry of Labour and Social Welfare on the former pattern - i.e., of more control over labour - is inconceivable; it must be a genuine instrument of over-all development, and must bear in mind its interconnexions with monetary and financial policy, and with the objective of obtaining ever greater returns from the activities of Panamanian workers and entrepreneurs.

The leader of the Revolution, General Omar Torrijos Herrera, has said that, in the problems of development, the worker is a vital element.

The Ministry of Labour has responded to Panama's need for a balanced solution to social problems, particularly those which arise in worker-employer relations which, for 66 years of Republican life, were not considered as an integral part of the process of national development.

It is interesting to note that, in Panama, provision is made for co-ordinated action with the private sector - in other words, a constant, fruitful dialogue takes place between enterprises and trade union organizations.

The Tripartite Council on Trade Union Freedom is the body responsible for ensuring the widest possible freedom for trade unions, chiefly through the proper application of the legal provisions which protect the workers' right of association, in keeping with ILO Conventions No. 87 and 98 (Art. 32). The tripartite structure of this Council enables workers and employers to take their decisions independently on matters of professional organization.

In labour matters, the institutional requirements of the Labour Code and the Organic Law and Regulations of the Ministry of Labour are enforced in order to safeguard the rights of working men and women, whether manual or white-collar workers, in their efforts to make a living.

The Ministry of Labour and Social Welfare cannot make distinctions or establish unfair priorities. The lowliest worker and the wealthiest employer both enjoy the same right.

The Minister of Labour, José de la Rosa Castillo, stated in July 1970:

"The experience of all Panamanians teaches us that more than 90 per cent of labour conflicts are due to the lack of communication between the man sitting with collar and tie in his office and the man toiling in the factory or on the land that he tills - a situation that we aim to solve in a programme of true social justice, clearly understood by employers and workers".

One essential aspect of workers' education is the training of skilled labour, for which there is a pressing need in Panama.

Collective bargaining or trade union contracts for workers constitute one of the methods used in the legal relationship between the employers and the employed; the advantages of this practice have become fully apparent and may be defined as follows:

"A collective or trade union contract is a contract between one or more trade unions and one or more employers under which the trade union or trade unions undertake, on their responsibility, that some or all of their members will carry out specified work for the remuneration stipulated for each of the members".

Dissatisfaction must be sought out and eliminated before it becomes irreconcilable discord; it is necessary, in an open and wide-ranging dialogue between employers and workers, to find formulas for agreement more through conviction than through authoritarianism.

"Perhaps the most important difference to be solved in this field of social integration is the marked contrast between those who are workers and those who are entrepreneurs. Means must be found to ensure that those who are workers will also become entrepreneurs, although on a lesser scale, by acquiring shares in the enterprises in which they work, thus avoiding the marked differences which were so common in the past but which have no place in today's world of broad participation of the individual in development. In this way, those who wish to save and acquire capital can do so, and those who wish to consume all the product of their labour can also do so."

"In the field of employer-worker relations, any increase in the power of one of the groups calls for the self-discipline which comes from a full understanding of the social function of the enterprise and of available resources".

Wage increases must be consonant with price levels and with the productivity of the worker.

A proper understanding of human resources is a fundamental requirement in all national economic and social programmes, for such resources represent the driving force behind development and the benefits of their work must, in turn, be channelled towards them.

The inter-relationships between the various aspects that govern the life of man in society clearly show the importance of the structure and dynamics of population in creating the supply of manpower. As stated earlier, Panama is essentially a young country, with a very large population under 15 years of age and a substantial proportion of persons of working age. On the other hand, the impact of social, economic and cultural factors, such as education, food supplies, medical assistance, social security, employment availabilities and technological development, also add to the impact of purely demographic factors in determining the size and pattern of the working population.

CERD/C/8
page 28

Panama has a number of sources of useful data for studying manpower. Nevertheless, in the analysis given below only the data from national censuses will be used, in order to provide the most up-to-date and comprehensive picture of Panama's human resources and, so far as possible, of its development in recent years.

TRADE UNIONS IN THE PANAMA CANAL ZONE

Efforts to form trade unions of non-United States workers in the Canal Zone began in 1925 with the establishment of the first trade union, which was composed mainly of West Indians and was called the Canal Zone Silver Roll Employment Association.

Since then, workers have continued to unite in various trade unions, according to the type of work they perform and the company or organization in which they are employed.

At present, there are three trade unions of non-United States workers in the Canal Zone, namely, the National Maritime Union, whose membership includes persons of many nationalities employed in shipping and whose operations extend all over the world; Local 900, whose members are employed in civilian work; and Local 907, whose members are employed by the armed forces of the Canal Zone. The latter two trade unions are affiliated with AFSCME and AFL-CIO in the United States.

At present, the main protests about problems of discrimination are being made by these trade unions and not by individuals.

Some protests by leaders of these trade unions to the National Government of the Republic of Panama concerning violations of the Convention are reproduced in an annex to this report.

PRINCIPAL TYPES OF EMPLOYMENT IN THE CANAL ZONE

In the Canal Zone, Panamanian manpower is employed mainly by the Panama Canal Company, which is responsible to the Government of the United States and is entrusted with the operation, defence and maintenance of the Canal and for providing public transportation and other services and for commercial activities related to the civil administration of the Zone.

A considerable amount of employment in the Zone is also provided by the "Canal Zone Government", a body which is responsible to the Executive Branch of the United States Government and is entrusted with the administration of the Zone and with the organization of educational, mail, police and fire services.

The United States Armed Forces (Army, Marines and Air Force), which operate military bases in the Zone, constitute a third group which employs Panamanian manpower.

The three above-mentioned groups account for about 60 per cent of the jobs held by Panamanian residents. The rest are employed mainly in the private sector, either by enterprises domiciled in the Zone, such as banks, insurance, passenger transport companies, shipping and other companies, or in domestic service with families living in the Zone. Lastly, about 1,500 persons are employed by contracting companies engaged mainly in construction work.

LA NUEVA IDEA

Nº1

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LLEGARON LOS TIEMPOS DÍFICILES: TENEMOS
QUE LUCHAR.

EDITORIAL

We produce all of the wealth yet, we suffer all the depressions!!!

¿DID YOU KNOW THAT...?

All of the goods and services that we need to stay alive and survive are produced by human labor. The clothes we wear, the furniture in our homes, the books we read, our houses, our food, everything, is the product of human labor. Some of us make the goods, some of us sell them, some of us perform other important services for society. But what is important is that our existence and everybody else's in this country is dependent on other working people.

The problem is that panamanians social system is set up so that we have to use our salaries to buy back what we and other workers like us made. We build the houses and then we have to pay rent to live in them. We process the food and then have to buy it back with overhead added on. We produce the clothing and then can barely afford to buy what we have made. We work together to produce all the goods and services that we all need and the boss takes home all the profits. The benefits of our united labor does not benefit us at all. In fact, under the present system, it works against us. Our labor is social. We all work together to keep society going. Yet the tremendous wealth that our Labor produces is taken away from us by small minority of people.

There are thousands of people in this country who have to go to work everyday just to be able to afford food, clothing and a roof over their heads.

And on the other hand, you have a very small minority of people, less than one (1) per cent of the population, who have taken ownership and control of all the goods and services so vital to our existence. These things include the valuable land, the natural resources, The Factories, Transportation System, etc. This group of people also privately own all the major banks: Chase Manhattan, Manufacture Hanover, First National City Bank, Bank of America, etc. and all the big business - Cerveceria Nal., Industria Lactea Estrella Azul, Refineria and others.

And all the big stores - Dante, Sahra Fashion, Alden's, Sears, etc. These people do not do any work. They don't have to work everyday to stay alive and to produce all the wealth for them.

The Rich get richer and accumulate more and more wealth from our Labor while we become poorer and poorer.

IS THERE ANYTHING WE CAN DO?

We will always have to work - but the question is: who will receive the benefits of our work? We work now because we need the tiny salary we receive in order to survive. It is always just enough to pay the rent, buy the food and keep some clothing on our backs. The small minority knows this and will try to keep it this way for long as they can.

But the situation will not remain that way forever.

We can organize ourselves in our places of work to force the bosses to pay us better wages, grant better working condition and increase our benefits. We will then get more of our share of the wealth we produce. But we will not get all of it until we control the places where we work and run them for ourselves. This task will be long and difficult one. But through united action, it is possible. Our working together in factories, in stores, in schools, in banks, in hospitals, etc. Creates a mass power that is able to produce enough goods and services to provide everyone with the necessities of life. Yet, in Panamá today, there is not enough decent, reasonably priced housing for all the people who need it. The food and clothing items we produce are priced beyond our means because the system is run for profit, not for people. We can and must educate ourselves about how the present system exploits and oppresses those of us who work. We can and must create a system that is run for our benefits and not for theirs.

When this happens, we will not have to worry about unemployment because when times are hard jobs will be still available for all who want to work.

We will not have to worry about doctor bills because good medical care will be free for everybody. The tremendous wealth that our labor produces, instead of providing tremendous profits for the few, will provide

each member of the working masses with the means to live decent, healthy and prosperous lives. This change can only come about when working people unite and organize. Unity and organization is essential.

the ruling class

SO WHAT ARE YOU COMPLAINING ABOUT... YOU'VE GOT DEMOCRACY ... HAVEN'T YOU?



"I have a solution. . .
Only one of us will eat."

WE ARE TIRED OF ALWAYS BEING LAST,
OF BEING HIRED MUCH TOO SLOW, AND FI-
RED MUCH TOO FAST. SOMETIME NEVER
BEING HIRED!

Editor: Roberto Williams.

This is how it was how it has been, and how it will be for a long while.

THINK ABOUT IT!

'73 years ago, our parents and grand parents come to Panama, to construct a canal, they from the caribbean islands, (such as Barbados, Jamaica, Virgin Island, etc.) to gather some money to then return home.

They worked, and worked very hard, many of them died, but finally with the sweat of their daily labor, they contributed to construct the canal.

At the very first beginning, as they have been doing for hundreds of years, and all over the world, the northamericans considered us, as inferior human beings. They paid off our labor with silver roll money, while they were paid by gold roll; they bought second hand homes for us to live in (these were, Red Tank, Paraiso, Gamboa, Silver City, Pedro Miguel, Rainbow City).

At the end of the construction of the Canal, many workers were left unemployed, many lost their so called privileges (such as to buy in the commissary, to reside on the Canal Zone etc.), these workers and their families were forced to move to the cities of Panama and Colón, to uninhabited type of homes, to live bad. These emigrations of the unemployed workers to the cities, originated town sites like (San Miguel, Chorrillo, Marañón, etc.).

From there on, many million dollar bills have passed through the canal and the hands of the people for whom we work for, many continue working until old age, receiving almost work and sacrifices. On the other hand they have always discriminated us, with the lowest salaries, poor made of life, few shores, limitation in our education, poor medical services etc. Mean while the north-american workers preserve better condition of living, (made of live, clubs, recreational centers, and most of all, high paid off salaries). To many (blind folded) considered that the gingos have been very good and kind people, pay good, create better oppor-

tunities to everyone, dis regarding color, race, on creed, nationality or language; just attending the efficiency that person has.

Is it to our believe that, they neither pay off good and their neither fair, we are not their favorite type of people, if it were so you, your brother, parents, friends will be in better conditions than what they are now, and with a much more secured future.

We are quite sure that the gringo that has passed through or that works for the canal company has their future and family secured.

That is why you have to open your eyes, to see and comprehend reality as it is. Do you know why? Well, just because you are a worker, and poor beside it too, and last but not least you are not a gringo.

What you must not forget, is that you, and yours, were the ones who contributed to the construction of the canal and not the gringos. That is why, you have to fight to solve your own problems, because no one else is going to do it for you. You have to think, and think about it on your own, you have to get organized, because this is the only way to fight to defend your interest as a worker.

History has taught us that, neither the government of the U.S.A. or the rich people of our own country will never ever protect us or our interests, on the contrary, they will keep on exploiting and oppressing us, ever though we are the ones that work and produce the riches of this land, riches that we have never seen yet!

We have to get organized, but not tomorrow or day after...TODAY! with in the syndicates, unions, clubs, etc. that you might belong to.

Right before our eyes, (even though we can't see it yet'), both governments U.S.A. & Panamá are negotiating a new treaty, and we, the ones that are most affected are not ever been considered.

What would become of the future of our families? What can we do?

THINK ABOUT IT! GET ORGANIZED

THEME for the black (west indies descendents) and the social recuperation of the Canal Zone. DATE: January 7, 1977; PLACE: St. Christopher auditorium (10th St. Parque Lefevre). TIME: 7:00 p.m.

THE COMMUNIST PATH TO POWER IN PANAMA

(A document prepared by private U.S. citizens)

The Panamanian Communist Party (Moscow) is firmly in control of Panama. Transformation to a Socialist State is still incomplete. The final steps in the process must await a treaty. The Communists are a little incredulous of their own success. the U.S. State Department has been very accomodating in helping to expedite and subsidize the spread of their control throughout the Government and Country.

In order to make the revolution truly irreversible they have to stop up some of the leaks in their control of the news, mails, radio and television, phone calls, meetings of people, etc. This requires that they obtain effective sovereignty over the Canal Zone and that they attempt to eliminate U.S. Bases. As long as the Zone Bases remain it is like a sword which threatens their permanency. It also delays further desired consolidations of power and societal transformation.

Contrary to the current Government of Panama's representations as to the idealistic origins of the revolutions, there were no ideological bases. The newly elected President, Arnulfo Arias Madrid, began to tamper with Guardia Nacional Officer assignments. As each had his own area for self enrichment (graft), any redistribution was bad. The original Junta seemed to be more right wing than left wing.

By way of example, they brought businessmen into the Cabinet and they built a fence around the University. They issued ID cards to students. They got rid of many Communist professors and "one course a day" professional agitators. The result was (in one class) that by the fifth week they were into the eighth week of material.

In February of 1969, Torrijos managed to get control of the Junta Militar. He exiled Boris Martinez, Federico Boyd and others. He brought the Communists back to the University and turned it over to Dr. Romulo Escobar Betancourt. Romulo is an avowed "all-out Communist." Che Guevera was his house guest during a Panama visit. Betancourt is a personal advisor to Torrijos. He is currently the Chief Treaty Negotiator. He has also been made the Information/Newsmedia Czar of Panama.

Torrijos gave the Ministry of Government and Justice to a long-time Communist, Juan Materno Vasquez. Education went to another loyal Communist, Aristides Royo. Labor was given to Rolando Murgas. Agriculture was given to Nilson Espino and eventually given to Torrijos' cousin Gerardo Gonzalez Vernaza. Gerardo is reputed to

be a long time Communist (including having acted as a Party courier).

Marcelino Jaen, a Communist married to Torrijos' sister Toya, heads up the Legislative Committee. This committee has many members of the Executive Committee and Central Committee of the Panamanian Communist Party in its ranks. They dream up the new laws and work on the most important projects. They work closely with the Ministry of Government and Justice's DIGEDECOC and other Ministries.

The Military took over all the newspapers except one (It remains to give a false impression of press freedom). The Government formed a Corporation called Editora Renovacion, S.A. (ERSA). A Chiriqui Province businessman Rodrigo Gonzalez is a front man for this organization. Among many other businesses, he also fronts for an organization called TRANSIT S.A. It is used in the Cuban trade to assist Castro with needed U.S. procurement. The Communists are firmly in charge of all Government newsmedia.

Because the Communists were able to start from the top in Government, they have to expand their "loyal" cadre. They have been doing this via DIGEDECOC and the Junta Comunal/Junta Local/Asentamiento Campesino organizational route. Much U.S. aid has been diverted to organization, indoctrination and class warfare purposes.

In a beautifully orchestrated program the Communists in control of the University, Education, Labor, Health, Agriculture, and Government/Justice (DIGEDECOC) have been using the "Poder Popular" structure to further their class warfare and anti-U.S.A. goals.

It has enabled them to use large doses of U.S. aid to subsidize and expedite the communization of Panama. Virtually all of our aid goes through their control (some shared with the Guardia Nacional). Indeed they have learned from the Italian Communists. As they control the Government they can steer business to firms from which the Communist Party can siphon off funds for their purposes.

Anyone who is a serious observer of Communist activity in the Latin American news should have asked themselves why there has been no serious Soviet or Castro inspired guerilla activity in Panama. Indeed, even more remarkable, there has been very little Communist invective directed at the regime in Panama. This has been true except for the first few months of the October 1968 revolution. This invective ceased in March 1969 after Torrijos made a pact with the Panamanian Communist Party.

Obviously when the Communists believe they are in power and that their future is assured there is no useful purpose in anti-Government activity. Why work against themselves? A recent publication on Human Rights in Panama had a list of people who had been tortured, murdered and exiled. A careful examination of that list will reveal many very left wing extremists who were persecuted because they made the Soviet led Communists uncomfortable. The Party didn't want a very successful boat rocked.

This is especially true with respect to Treaty Negotiations. Relative stability was very important. This is true even though the Torrijos regime has unleashed the student movements against the U.S. Embassy whenever he desired to create the "don't know how much longer I can restrain them" impression of time running out unless a new treaty on Panamanian terms can be obtained from the U.S.A.

The only other (except for small non-government sponsored student opposition) flexing of Communist power within the Government (via student and labor groups) has occurred when Guardia Nacional forces have apparently pushed for cut backs or temporary reversals to gains already made by the Communists in the social sector. While it may still exist, non Communist influence within the Guardia appears to have been effectively neutralized. The Communists have been forced to make some tactical retreats (temporary in nature). The Guardia has continued to let the Communists expand their operations. For example, Romulo Escobar Betancourt is the Chief Treaty Negotiator. The Poder Popular (Popular Power) program is in full swing throughout Panama, and Gerardo Gonzalez has firm control of the Civilian aspect of Government.

A very sympathetic and unseeing U.S. press has largely ignored what has been transpiring under their noses in Panama. They have bought the "Don't know how long I can restrain them" and "Viet Nam" war plays and have played those themes over and over to a "war weary" American public.

Indeed, a work on the violation of human rights in Panama contains some very good information on the Communists in Panama. For some reason, except for superficial mention, it has gone largely unreported in the U.S.A.

As a close observer of Panama for more than a dozen years, I can say that it barely scratches the surface. It is deserving of a thorough investigation before the President initials a treaty to give away the strategic Canal Zone and effective sovereignty. Such a treaty will permit expropriation of the Canal enterprise and "de facto control" of the Canal by Panama within a short time even without expropriation. Indeed existing "Executive" personnel policy actions are leading toward that result in advance of any treaty!

A more careful examination of the power structure of the Government as it exists today along with the key Communists and their path to power will show clearly why there has been relative stability, a lack of terrorism against the Canal Zone and a lack of Communist invective against the quasi-military Government with whom the Communists share power. It will also show that the future belongs to the Panama Communist Party which has been using U.S. provided or arranged funds to expand its base. Indeed, as long as the largesse continues they have nothing to lose by delays. The most worrisome factors to them are the delay of final consolidation of power and more rapid socialization of Panama.

Let's look at exhibit Number 1. It is an augmented version of the chart contained in Volume I of the Panamanian Human Rights treatise. It has the names of some of the current and prior key personnel annotated. It shows the extent to which Torrijos relatives (all Communists) have helped to deliver the Panama Government to the Communists. Those with red check marks after their names are some of the more prominent relatives. There are many more including some on the Legislative Committee, (Comision) under Torrijos' brother-in-law Marcelino Jaen.

The President of the Republic is shown in the 3rd block down from the top center of the chart. He is a figurehead useful for meeting-visiting businessmen, U.S. Congressmen and newsmen. He projects the "good ole boy" image. He loves Americans and pleads ardently for a new deal for "poor lil Panama". While he has some influence he has little real power. He is becoming very wealthy.

Shown above him on the chart is the General Staff (Estado Mayor) of the Guardia Nacional. It is colored partly red and has a question mark because it is difficult to know the real situation. The most likely Communists are Torrijos and his helpers shown on the left and right sides whom he uses to help control the Guardia.

His cousin, Lieutenant Colonel Roberto Diaz Herrera occupies a key position in the Guardia (formerly held by Torrijos). He is the Secretary for the Estado Mayor (Staff) and the Guardia Nacional. He controls officer assignments (orders) for officers who are majors or less in rank. He helped to set up a Communist controlled Guardia training school at the Rio Hato air base. From the school an arrow points downward to the Guardia Nacional which has a question mark. It is hard to know true Communist strength in the Guardia. However, with time the Communists are packing the Guardia

and with retirements, eventually the Estado Major will become more loyal and obedient to otherwise absolute Communist control of the Government.

It should be noted that some jockeying takes place within the Estado Mayor among the officers to see whose followers will get the promotions. There have also been problems with lesser officers wanting to share in the pie. It is rumored that in the Fall of 1976 some were fired.

On the right hand side Lt. Colonel Manuel A Noriega heads up the feared G-2. Like Torrijos, his box shows a question mark; Circumstantial evidence and his words and actions point to his being a Communist. Because both he and Torrijos have managed to become wealthy and seem to be entrepreneurs, there is a tendency to doubt that they are "real" Communists. Their apologists explain that they think that they can use the Communists. My personal inclination is to say they are Communists based upon watching what they are doing and not only what they are saying. I believe the Human Rights book is "right on" and if our intelligence community is saying otherwise it is due to a prior commitment of "face" and State Department Treaty compatible interpretations.

The dotted line leading down to the Electoral Tribunal shows that Noriega also has a handle on identification papers which are necessary for adults for health benefits and other purposes. Noriega's brother has this post. He issues ID cards (Cedulas). He controls vital records and election results and registration.

Non-Panamanian Communists activities around the country can be facilitated here by issuing Cedulas (ID cards) to them.

Shown off to the right of the G-2 block is control of the news media as a function of G-2 security. I am not certain that it works exactly this way or if Romulo Escobar Betancourt is now on an equal plane with Noriega. The Ministry of Government and Justice has some functions such as licensing of commentators who will broadcast in Panama.

Within the Guardia, it is difficult to know if Noriega is Number 2 man or Rodrigo Garcia Rarmirez. Garcia outranks him but Noriega appears to have great power. He is also cozy with the Communists in the labor movement.

Below the President in the upper center of the diagram is the Vice President, Gerardo Gonzalez Vernaza. Torrijos' cousin, and a long time Communist, he is alleged to have served as Treasurer and as Courier for the Party. Next to Torrijos (aside from the Guardia) he seems to be the most powerful man in Panama. He runs the everyday functions of Government and gets considerable publicity. He usually stands close to Torrijos on important occasions.

He has great resources at his command. As there is no real separation of powers the rest of Government reports to him. He helped Torrijos to consolidate his popularity in rural areas of Panama. He served as agriculture minister before replacing Arturo Sucre Pereira as Vice President. His ascendancy was a real milestone in the sense of visible recognition of Communist status in the Government of Panama.

The Judiciary is actually located within the Ministry of Government and Justice, and will be discussed together with that Ministry.

The "Comisión de Legislación" or Legislative Committee is headed by a Torrijos brother-in-law, Marcelino Jaen. Jaen and his wife Toya Torrijos de Jaen are very important Communists. Marcelino controls the most important group of Communists in the Country. This is the Communist "think tank." The committee drafts new laws and oversees rubber stamp "Assembly of Representatives" which meets for 30 days a year. This Committee has many members of the National Executive Committee and Central Committee of the Panamanian Communist Party. One or more of these men are on almost everything important which is reported in the news.

Shown beneath the Legislative Committee is the National Assembly of Representatives. Just below it DIGEDECOP, a directorate of the Ministry of Government and Justice is shown. Technically speaking everything below here shows a less than National level of organization. It shows how the Representative is used in the various levels of Government and illustrates even lower levels of organization. Starting with the Assembly block you could take all of this and call it the "Poder Popular" organization.

The appointment of Juan Materno Vasquez as Minister of Government and Justice was also a milestone for the Communists in Panama. This early appointment of Torrijos was an implementation of the March 1969 pact with the Communists and properly understood explains why the local (Moscow) Communists have behaved so well and why Cuba, Moscow and their instant Latin American propaganda clagues have treated Torrijos so well. It also explains to a lesser extent why the U.S. press hasn't bothered him.

Vasquez, a well-known Communist lawyer, was given control of local Governments, courts, post office, passports, immigration and naturalization, licenses for commentators, telegraph and radio communications, transit and terrestrial transport, and the courts throughout the country. Imagine how useful it is to the Communists to have control of passports and immigration for Cuban or Allende Chilean helpers, etc.

Vasquez and Marcelino Jaen worked closely together. A new Directorate was created and called Direccion General de Desarrollo Comunidad (DIGEDECOCOM). When Torrijos brought the Communists into Government and gave them the keys to power they did not have a good rural organization. They had to devise a way to extend their numbers effectively and geographically. Control of the Ministries of Government and Justice, Labor, Education, the University, and Agriculture gave them the people and access to financial resources from U.S. Aid subsidies. DIGEDECOCOM has become the vehicle to dispersed power, now affectionately known as "Poder Popular."

VEHICLE FOR CONSOLIDATION OF COMMUNIST POWER

* (DIGEDECOCOM) Direccion General de Desarrollo Comunidad

Each of the ten Provinces has a Governor, Coordinating Council and Policy Committee of Representatives of Corregimientos (one rep/District within each Province). Each District has several Corregimientos (geographic areas). At the District level there is an appointed Major (Alcalde) and a municipal council. There is also some police authority (nominal) with much discretion still vested in the Guardia Nacional.

Each Corregimiento has one elected representative to the "National Assembly of Representatives." There are 505 Corregimientos (areas) and 505 Representatives. This Assembly meets for approximately 30 days a year. Laws are drafted by an elite committee of Communists called the Legislative Committee. The Assembly is a rubber stamp organization.

At the Corregimiento level the "elected" Honorable Representative of the Corregimiento sits as President of a "Junta Comunal" organized by the Communists to get effective control of the population. Each Junta Comunal is charged with carrying Communists control to ever lower levels by organizing "Juntas Locales." By way of example, the City of Panama has an area called "Chorillo." It is a Corregimiento. The Chorillo Corregimiento has organized approximately ten "Juntas Locales." within their area of responsibility. For example, it might be organized by street.

Away from the cities the Juntas Comunales also organize Government subsidized "Asentamientos de Campesino." (farm settlements). This provides the base for continued Marxist organization of rural areas.

As a practical matter the Junta Comunal has no real money. The Junta Locales can request services and the Assembly Representative who heads up the Junta Comunal can petition the National authorities for financial and technical support through the District Municipal Council where project needs are theoretically coordinated. As the Assembly Representatives do not make laws or appropriate money they actually function more like ward politicians and give an illusion of operational democracy. This organization is very similar to that in Cuba.

In 1972, at the time of promulgation of the new Constitution, it became apparent that the Communists had written it. Because J. M. Vasquez, Romulo Escobar Betancourt, Aristides Royo, and Marcelino Jaen appeared on television to explain it.

Having done his organization work very well, Vasquez, a lawyer, moved over to a new job as Chief Justice of the Supreme Court. As all of the codes of laws were being re-written to serve the societal transformation process, Vasquez is once again in a key job to help in the consolidation of power. The Judicial system block beneath the Supreme Court is not completely red because some of the pre-Communist justices have not yet been replaced. They have added new justices and it is but a matter of time until an already pliant Judiciary is completely loyal to Communist direction.

A careful perusal of the Spanish language news will show a constant, well-orchestrated and coordinated Communist control of just about everything of importance which occurs in Panama. Important Communists from the Legislative Committee, those which are underlined in red on Exhibit One, and the other key personnel shown on the chart show up again and again.

They show up in control of Agrarian Reform, Educational Reform, Treaty Negotiations, Labor reform, Voluntary Work Brigade Organization, attendance at OAS and U.N. agency meetings, attendance at Third World meetings, trips to Cuba, and receptions for visiting Communist and Socialist leaders or delegations. They are prominent in a variety of Russian/Cuban-led Front Activities especially for Latin American student groups, labor groups, cooperative groups, women's groups, writers, groups, lawyers groups, etc.

DIGEDECOM, a government agency openly participates with them in "Che Guevara" and honor to Cuba type activities which take place on the Communist "holy days of obligation" such as the 26th of July each year to honor Fidel Castro's attack on the Moncado Barracks in Cuba or on May 1st oriented activities of labor, or in "Jornadas Anti Fascistas" or on or about the 11th of October each year to celebrate the Panamanian Guardia Nacional Revolution.

They are also very active in the "Capacitacion" and "Conscientization" activities carried out in their constant indoctrination programs held for teachers, government employees, students, labor groups, campesinos, etc. Use is made of almost every gathering for politicization and polarization of attitudes against the U.S.A. oligarchs, fascists, etc.

DIGEDECOM has an appendage marked "Teatro Popular." This is the Communist idea of how to offer low budget "cultural" indoctrination. Many of their works are virulent anti-U.S. in nature.

This official Government creation also works closely with the Institute for Art and Culture (INAC). INAC has in turn been doing its best to promote Communist causes and propaganda. It also sponsors anti-U.S. type plays like "Lobo go home" etc. One of Torrijos' sisters, Aurea, heads up a University level Department of Expresiones Artisticas (DEXA). It works openly on Communist causes.

Susana Richa de Torrijos heads up one of the major Communist nests at the University. She is the Dean of the Philosophy, Letters, and Education Faculty. Under her there is a Department of Science of Social Communication. She trains sociologists (community workers for the DIGEDECOR program), newsmen and educators.*

Another sister prominent in Communist activities is Berta Torrijos de Arosemena. She controls the Women's Movement propaganda. She is in charge of a Government agency known as "Instituto Panameno de Habilidadacion Especial." An examination of her rhetoric in conjunction with the International Women's Year meeting in Mexico City will show her political coloration. She is closely involved with the others in "Capacitacion" and "Concientizacion" class warfare activities.

Toya Torrijos de Jaen has a role in the Instituto Para la Formacion y Aprovechamiento de Recursos Humanos (IFARHU). This agency controls the national scholarship program and student assistance. She and her husband Marcelino Jaen have been active Communists for most of their adult lives.

A scrutiny of the names in the National Legislative Committee will reveal many Torrijos relatives. The Diaz-Herrera, Perez-Herrera, Vernaza-Herrera and Torrijos-Herrera families are and have been prominent Marxists for many years.

*The Social Service School is actually under the Dean of Public Administration and Commerce. She plays a part in the training of community social workers used by DIGEDECOR and other Government organizations.

KEY COMMUNISTS

B.G. OMAR TORRIJOS HERRERA

-CHIEF OF GOVERNMENT

LTC MANUEL A. NORIEGA

-G-2 STATE SECURITY
 -Controls drug traffic
 -On National Information Committee

DR. ROMULO ESCOBAR BETANCOURT
 Well-known Communist

-Ex-RECTOR, UNIVERSITY OF PANAMA
 -CHIEF TREATY NEGOTIATOR
 -Advisor (Political) to CHIEF OF GOVERNMENT
 -STATE INFORMATION/MEDIA CZAR HEADS THE NATIONAL INFORMATION COMMITTEE

LTC ROBERTO DIAZ HERRERA
 Well-known Communist

-Torrijos Cousin
 -SECRETARY TO GENERAL STAFF
 -SECRETARY TO GUARDIA NACIONAL
 -INFORMATION COMMISSION
 -GUARDIA OFFICER ASSIGNMENTS (Major and under)
 -GUARDIA TRAINING & OTHER National education matters

GERARDO GONZALEZ VERNAZA
 Well-known Communist

-VICE PRESIDENT OF REPUBLIC
 -Runs Everyday business of Government
 -Ex-AGRICULTURE MINISTER
 -Was TREASURER OF THE COMMUNIST PARTY AND COURIER

Lic. JUAN MATERNO VASQUEZ
 Well-known Communist

-CHIEF JUSTICE OF SUPREME COURT
 Ex-MINISTER OF GOVERNMENT AND JUSTICE (had all local Government apparatus under him. throughout the Country.)
 -Set up DIGEDECOP to spread COMMUNIST CONTROL

Lic MARCELINO JAEN MORAN
 Well-known Communist
 TORRIJOS BROTHER-IN-LAW
 (TOYA TORRIJOS DE JAEN)

-PRESIDENT, LEGISLATIVE COMMITTEE - (Writes laws, oversees implementation, in on all things of importance)

Lic MARCELINO JAEN MORAN-continued

-Many members of NATIONAL EXECUTIVE COMMITTEE AND CENTRAL COMMITTEE of the COMMUNIST PARTY work for him.

DR. ARISTIDES ROYO
Well-known Communist

-MINISTER OF EDUCATION
-Also active with COMMUNIST FRONT ACTIVITIES. Making good use of EDUCATION REFORM- (U.S. \$\$) for COMMUNIST PURPOSES.

DR. ROLANDO MURGAS
Well-known Communist

~~EX-MINISTER OF LABOR~~
-New LABOR CODE AUTHOR
-MEMBER OF LEGISLATIVE COMMITTEE

Lic. ADOLFO AHUMADA
Well-known Communist

-Current LABOR MINISTER
-TREATY NEGOTIATION TEAM
-Ex-STUDENT LEADER

Lic DIOGENES DE LA ROSA
Well-known Communist

-ADVISOR - FOREIGN RELATIONS
-TREATY NEGOTIATOR 1967 & today

Lic MOISES TORRIJOS HERRERA
Well-known Communist
OLDER BROTHER OF TORRIJOS

-Ambassador to SPAIN
-Family BAGMAN. He handles TORRIJOS investments overseas.
-INVOLVED WITH DRUG TRAFFIC

HUGO TORRIJOS HERRERA
BROTHER OF TORRIJOS

-In CHARGE OF NATIONAL CASINOS (GAMBLING) and PROSTITUTION.
-ALLEGED to be INTERFACE with INTERNATIONAL CRIME LINKS.

NITIDO DIAZ HERRERA
Known Communist
TORRIJOS COUSIN

-In CHARGE OF PANAMANIAN CUSTOMS

Lic. RICARDO RODRIGUEZ

-Ex-MINISTER OF GOVERNMENT & JUSTICE
-MEMBER OF LEGISLATIVE COMMITTEE

JORGE CASTRO	-MINISTER OF GOVERNMENT & JUSTICE -Ex-AMBASSADOR TO BRAZIL
Lic. CARLOS CALZADILLA	-SECRETARY to the LEGISLATIVE COMMITTEE and SECRETARY to NATIONAL ASSEMBLY OF REPRESENTATIVES OF CORRIGIMIENTOS. -RUBBER STAMPS the work of the LEGISLATIVE COMMITTEE
CAPITAN DOMINGO O'CALAGAN	-DIRECTOR, COMMUNITY DEVELOPMENT DIRECTORATE -MINISTRY OF GOVERNMENT & JUSTICE (DIGEDECOM) Spreading Communist control to lower levels. Now, Juntas Locales are being divided into Comite's de Casa y calle (house & street committees)
Dr. RAÚL CHANG PIÑEDA	-Ex-PRESIDENT ASSEMBLY OF REPRESENTATIVES
CARLOS HO MOJICA	-SAME
DARIO GONZÁLEZ PITTI	-SAME
FERNANDO GONZÁLEZ H.	-PRESIDENT ASSEMBLY OF REPRESENTATIVES
Dr. CARLOS PÉREZ HERRERA Well-known Communist TORRIJOS COUSIN	-POLITBURO MEMBER -Ex Priest -MEMBER NATIONAL INFORMATION COMMITTEE
Ing. NILSON ESPINO	-Ex-MINISTER OF AGRICULTURE & LIVESTOCK (MIDA) -MEMBER OF LEGISLATIVE COMMITTEE
FRANCISCO A. RODRÍGUEZ P.	-VICE MINISTER AGRICULTURE & LIVE STOCK

LILIA ROSA JAEN DE LA MATA

-DIRECTOR, SOCIAL DEVELOPMENT of the
MINISTRY OF AGRICULTURE &
LIVESTOCK (MIDA)

Ing. JERRY WILSON N.

-DIRECTOR AGRARIAN REFORM
(MIDA)

ALVARO VERNAZA HERRERA
TORRIJOS COUSIN

-GENERAL MANAGER AGRICULTURAL
DEVELOPMENT BANK (BDA)

ALEXANDER AYALA

-DIRECTOR AGRICULTURE &
LIVESTOCK MARKETING INSTITUTE
(IMA)

RUAL SIERRA

-DIRECTOR GENERAL OF AGRICUL-
TURAL COOPERATIVES (COAGRO)

Lic. LUIS CARLOS NORIEGA
BROTHER OF G-2 LTC

-PRESIDING MAGISTRATE of the
ELECTORAL TRIBUNAL
-VOTER ID CARDS
-PUBLIC RECORDS

Dr. ABRAHAM SAIED
(SAIED-TORRIJOS marriage bonds)
MOISES TORRIJOS' daughter

-MINISTER OF HEALTH

Dr. HUGO SPADAFORA

-VICE MINISTER OF HEALTH

Lic. FERNANDO MANFREDO
Known Communist

-Ex-MINISTER COMMERCE &
INDUSTRIES (MICI)
-Currently MINISTER OF THE
PRESIDENCY
-Runs a STAFF for GERARDO
GONZALEZ

ELI M. ABBO

-VICE MINISTER OF THE PRESIDENCY

Lic. JULIO E. SOSA B.

-MINISTER OF COMMERCE &
INDUSTRIES (MICI)

Lic. ARNULFO ROBLEZ^S

-VICE MINISTER (MICI)

LUIS M. ADAMES
Known Communist

-VICE MINISTER of TREASURY
(and taxes - business & real
property)

JOSE A. DE LA OSSA
Admitted Life-Long Marxist

-Ex-MINISTER OF HOUSING (MIVI)
-Bank employee

Dr. JULIO SANDOVAL

-DIR. GENERAL OF WATER, SEWER,
GARBAGE INSTITUTE

ASCANIO VILLALAZ
Known Communist

-Sub-DIRECTOR OF IRHE (Power
and Lights)
-Has the purse strings -
Fabrega is a figurehead.

ENRIQUE RUIDIAZ

-DIR. GENERAL INDE
(Sports activities - stadiums,
lights, etc.) Used much like
Communists sports exchanges.

JAIME INGRAM

-DIRECTOR INSTITUTE OF ARTES
and CULTURE (INAC)
Used for Communist indoctrin-
ation.

HUGO GIRAUD
Known Communist

-DIRECTOR, INSTITUTE FOR THE
FORMATION and EXPLOITATION
of HUMAN RESOURCES (IFARHU)

TOYA TORRIJOS DE JAEN
Well-Known Communist
TORRIJOS SISTER

-Works in IFARHU
(All scholarships are con-
trolled here)

BERTA TORRIJOS DE AROSEMENA
Known Communist
TORRIJOS SISTER

-PRESIDENT, PANAMANIAN INSTI-
TUTE OF SPECIAL EDUCATION
(IPHE) (REHABILITATION)
-Prominent in the WOMEN'S
MOVEMENT

AUREA TORRIJOS
Known Communist
TORRIJOS SISTER

-DIRECTOR OF THE DEPARTMENT OF
ARTISTIC EXPRESSIONS (Univ. of
Panama) (DEXA) - a real
Communist nest.

Lic. ELIGIO SALAS DOMINGUEZ
Known Communist

-RECTOR OF THE UNIVERSITY
-Formerly in charge of STUDENT
AFFAIRS
-MEMBER OF LEGISLATIVE COM-
MISSION

Dra. SUSANA RICHA DE TORRIJOS
TORRIJOS SISTER-IN-LAW

-DEAN OF THE FACULTY OF
PHILOSOPHY, LETTERS, &
EDUCATION, UNIVERSITY OF
PANAMA

ALFREDO SOLER
TORRIJOS BROTHER-IN-LAW

-DEAN OF THE FACULTY OF
NATURAL SCIENCE & PHARMACY

Ing. GILBERTO OCANA
Known Communist

-DEAN OF THE FACULTY OF
AGRONOMY

EMILIO CLARE

-DEAN OF FACULTY OF PUBLIC
ADMINISTRATION & COMMERCE
*-SCHOOL OF SOCIAL SERVICE
*-SCHOOL OF DIPLOMACY
*-SCHOOL OF ECONOMY

GRISELDA LOPEZ
KNOWN Communist

-DIRECTOR OF EDUCATIONAL TV
-NATIONAL INFORMATION COMMITTEE
-COLUMNIST -EDITORIAL PAGE of
Government Daily & Sunday
"REPUBLICA"

Dr. LAURENTINO GUDINO
Known Communist

-ACADEMIC COORDINATOR OF
REGIONAL UNIVERSITY CENTERS
-DIRECTOR of the DEPARTMENT OF
EDUCATION

EVERARDO TOMLINSON H.
Known Communist

-SECRETARY GENERAL OF UNIVERSIT
PANAMA

Prof. BLAS BLOISE CALDERON

-DIRECTOR, Of the "EDUCATORS
CENTER"

Prof. OLMEDO DOMINGO
Known Communist

-DIRECTOR, POPULAR UNIVERSITY
of COCLE (Province)

*Very heavy with Communists

Dr. DIOGENES CEDENO
Known Communist

-NATIONAL DIRECTOR OF
EDUCATIONAL REFORM & PLANNING

DOMINGO BARRIA

-UNION ORGANIZER. Masterminded
the one large Central Labor
Union. Now called CENTRAL
DE TRABAJADORES DE REPUBLICA
de PANAMA (C.T.R.P.)

MARTA MATAMOROS

-COMPESINO ORGANIZER
-INTERNATIONAL SECRETARY -
UNAMUP. . . (Communist
Women's Front)

RENATO PEREIRA
Well known Communist

-MAYOR OF PUERTO ARMUELLES

DIOMEDES CONCEPCION
Well known Communist

-MAYOR OF THE MUNICIPALITY OF
PANAMA

Dr. CARLOS IVAN ZUÑIGA
Rabid Socialist may be a
Communist?

-Personal friend of CARLOS
ANDRES PEREZ - President of
Venezuela from his exile days.

EFEBO DIAZ HERRERA
Well-known Communist
TORRIJOS COUSIN

-AMBASSADOR TO CUBA

CESAR A. DE LEON

-MEMBER OF THE POLITBURO of the
PARTIDO DE PUEBLO (Communist
Party of Panama)

COMMUNIST CONTROLLED GOVERNMENT NEWS MEDIA - HEAVY WITH COMMUNISTS

ALBERTO LUIS TUNON

General Manager of EDITORA
RENOVACIÓN, S.A.

RAFAEL NUNEZ ZARZAVILLA

Editor "MATUTINO"

RUBEN DARIO MURGAS

Editor of "CRITICA"

News Media - continued

EUCLIDES FUENTES ARROYO

President of the Newsmens
Union

RODRIGO CORREA

Director of "LA REPUBLICA"

ESCOLASTICO CALVO

Director "MAS PARA TODOS"
magazine

Lic. MARIO AUGUSTO RODRÍGUEZ

Editorial Council of MAS.
TV Commentator
Educator
Columnist in LA REPUBLICA
Column entitled "MACHETEANDO"

JOAQUIN BELEÑO C.

Editorial Council of MAS
Columnist in "MATUTINO"

Dr. CAMILO O. PÉREZ

Editorial Page Columnist for t.
Government daily "CRITICA"
Column called "BONAFIDE"
Past President of CONADESOPAZ-
Panama component of Worldwide
Communist Front Organization
Recent recipient of State Dept.
Grant.

Lic. CARLOS J. NUÑEZ L.

Editorial Page Columnist for
"CRITICA". Frequently con-
tributes to column entitled
"PISANDO CALLOS"
Past President of CONADESOPAZ
Communist Front Organization

EXHIBIT #2b

ADDITIONAL INFORMATION ON OTHER KEY GROUPS

- (1) National Legislative Commission (Committee).
Those with question marks after their names are probable Communists.
- (2) National Information Commission (Committee)
Those with question marks may not be Communists.
- (3) Presidencia Staff.
This has always been full of Communists under the Torrijos Government. The last four listed may not be Communists.
- (4) Gobierno y Justicia.
This is thoroughly controlled by Communists. The primary purpose for its inclusion was to show the power concentrated here. It shows why the post was so important to the Communists' future and the kind of power exercised by the "Premier" Juan Materno Vasquez.
- (5) Communist Front Organizations.

This list (except for the last entry) shows how prolific the Communist/Communist front activities are. Torrijos' family is active in:

FTC, FENAMUDE, FREP, OIP, GECU*, DEXA*, UNAMUP and with the Juventud del Partido del Pueblo (Communist Youth).

(*DEXA and GECU belong to the Panama Government run university. Torrijos' sister Aurea is in charge of DEXA.)

The List also reveals:

- (a) Some hot beds of Communist activity within the university are: law, dental, economics, social work, diplomacy, public administration and commerce schools. Missing were education, journalism and psychology which are also very red.
- (b) CONADESOPAZ is the Panamanian component of the Russian financed World Peace Movement. The Womens Movement (UNAMUP), Newspaperman's Organization (OIP) and Labor Group (CNTP) are affiliated with World wide Soviet led groups as well as Latin American Regional groups

- (c) Despite a state of siege under which all political parties are outlawed, only the Partido del Pueblo is permitted to operate (Juventud del Partido del Pueblo). A newspaper clipping from a local paper will substantiate the 26th of July 1975 Anti-Facist Committee composition.
- (d) The Brigadas Comunales are highlighted in the 13 December 1976 "MAS para todas" Government weekly news magazine analysis in exhibit 4. It shows clearly that the Communists are using selected university students (200-300) and voluntary work programs (a la Castro Cuba) to polarize poor farmers and poor Panamanians for the class struggle. Ironically, the U.S. State Department has been helping to finance this effort (knowingly).

The Communists shown on the chart of exhibit 1 and in the lists of exhibits 2a and 2b are but the tip of an iceberg. Most of the important ones are shown.

The University and Education Ministry Staffs could be (and will) expanded upon usefully at a future time. Their efforts are closely integrated with those of DIGEDECOC and other Government organizations. This extends to integrating the Government controlled and financed "Panamanian Student Federation (FEP) activities on voluntary labor and Marxist political/cultural indoctrination activity. The Student Federation also extends into the lower schools throughout the country. Another important group of Communists are in the Foreign Ministry.

Most of those shown in exhibit 1 or exhibit 2 (important ones) are also shown in the Panamanian Human Rights Committee Work (exhibit 3).

The next big Communist effort will be directed towards creating one large

political party. This will probably precede the 1978 elections. Its purpose will be to create another illusion of democracy in action (ideological pluralism). At that time, "Poder Popular" will have passed another milestone. Soon after they have a treaty they will announce the creation of a Socialist State.

It is difficult to know what the short term consequences will be. Will they move as fast as the Communists in Portugal or Chile did.'

NATIONAL
LEGISLATIVE COMMITTEE

(Draft all Laws - Members work on most important projects)

Lic. Marcelino Jaén Moran	President Brother-in-law of Torrijos
Lic. Carlos Calzadilla	Secretary (Also for the Assembly)
Lic. David Cordoba	Has acted as Committee President
Lic. Ricardo A. Rodríguez	Ex-Minister of Government & Justice
Lic. Miguel Balbino Moreno	School boy chum of Torrijos
Lic. Adolfo Ahumada	Labor Minister
Dr. Rolando Murgas	Ex-Labor Minister
Lic. Eligio Salas Domínguez	Rector of the University
Dr. Carlos A. Pérez Herrera	Cousin of Torrijos. Ex-Priest
Dr. Ruben Dario Herrera	Economist - Communist Party Finances.
Lic. Miguel Picard Ami	Author of "Poder Popular" structure
Lic. Sergio Pérez Saavedra	Has acted as Vice Minister of Government & Justice
Dr. Ernesto Pérez Balladares González	Nephew of Rodrigo González Currently Minister of Treasury
Dr. Jorge Eduardo Ritter	Currently Vice Minister of Labor
Ing. Nilson Espino	Ex-Secretary of Agriculture
Lic. Oscar Ceville	Public Employee of the Committee
Celma Moncada Guerra	Public Employee of the Committee
Arnulfo Quiros	?
Sr. Luis Armuelles	Public Employee of the Committee
Pablo Castrejon Jr.	? Newsman - Press Secretary for Committee
Elias Castillo	?
Rolando Candanedo	? Public Employee of the Committee
Eduardo Ahumada	Public Employee of the Committee

NATIONAL INFORMATION COMMISSION

Romulo Escobar Betancourt	Executive Committee
Ltc. Roberto Díaz Herrera	Torrijos Cousin
Euclides Fuentes Arroyo	
Maria Guadalupe Gorgas	Secretary
Griselda Lopez	
Ernesto Solis	?
Leonidas Escobar	

BOARD OF CONSULTANTS

*Rodrigo González	Guardia Nacional Frontman - in many businesses (ERSA)
Dr. Carlos Pérez Herrera	Torrijos Cousin
Manuel Balbino Moreno	School boy chum of Torrijos
LTC Manuel Noriega	
*T. A. Duque	Publisher (STAR & HERALD & ESTRELLA DE PANAMA)
*Fernando Eleta A.	TV - R.P.C. Channel 4 owner
*Rodolfo Garcia De Paredes	TV Channel 2 owner

Technical Consultants

Eli M. Abbo	Vice Minister of Presidencia
Alberto Luis Tunon	ERSA
Rafael Ayala	Min. Gobierno y Justicia
Ernesto Solis	? Government Information Office
Ruben Dario Del Cid	Radio TV Workers Union
Jose Gabriel Diaz	? Panama Newsmen Association
Griselda Lopez	University of Panama Educational TV and Film Department
*Decorative Figures - will have to do what Betancourt wants.	

PRESIDENTIAL/VICE PRESIDENTIAL STAFF

PRESIDENCIA

Lic. Fernando Manfredo	Minister of the Presidency Ex-Minister of Commerce and Industries
Eli M. Abbo	Vice Minister
Rafael Ayala	Gobierno y Justicia now
Jose De La Rosa Castillo	Asesor (Advisor)
Jose Guillermo Aizpú	Asesor
Lic. Elizabeth Silvera	Asesor
Lic. Moises Darwish	Asesor

GOBIERNO Y JUSTICIA
(Government and Justice)

Minister (Ex) Juan Materno Vasquez
(Ex) Ricardo Rodriguez
(Current) Jorge Castro (Las Tablas) (Was Amb.to Brazil)

Vice Minister-Dr. Cesar Rodriguez Maylin
Lic. Sergio Perez Saavedra (Acted as Vice Minister)

Asesoria Legal-Dir Lic Jose A. Henriquez

Dirección de Gobiernos Locales y Política Indigenista
Lic. Abel Vargas

Dept. Juridico y Justicia

Dirección Nacional de Gobierno
Sub. Dir. Passports

Depto de Migracion y Naturalizacion

Tribunal Electoral - Mag. Presidente Luis Carlos Noriega

*Director Gen de Cedulacion - Felix Gomez

**Director Registro Civil - Ruben A de la Guardia P.

Dirección Nacional de Comunicaciones Social

Director - Lorenzo Sanchez Galan
Licenses for Commentators
Junta Nacional de Censura (Censor)

Dirección General de Correos y Telecomunicaciones

Post Office

Telecommunications
Telegraph
Radio

* ID cards for adults

**Voters lists and vital records, etc.

Government and Justice - continued

Direccion Nacional de Transito y Transporte Terreste
(Transit and Land Transport)

Director - LTC Manuel J. Araúz

Corte Suprema de Justicia (Supreme Court)

Chief Justice - Juan Materno Vasquez (formerly Minister of
Government and Justice)

Lesser Courts

Airports

Correctional Centers

Womens jail

Seguridad (Security) Actual control in G-2. Secret Police (DENI)

Guardia Nacional - Power actually at higher level. Police
functions in Guardia.

COMMUNIST & FRONT ORGANIZATIONS & PARTICIPANTS

7-24-75

XXII Anniversary of Castro's attack on Moncado Barracks
National Anti-Fascist Committee of Panama

Federacion de Estudiantiles de Panama (FEP)

Comité Nacional de Defensa de la Soberania y Paz (CONADESOPAZ)

Frente de Trabajadores de la Cultura (FTC)

Central Nacional de Trabajadores Panamenas (CNTP)

Federacion de Mujeres Democraticas (FENAMUDE)

Confederacion Nacional de Asentimientos Campesinos (CONAC)

Frente Reformista de Educadores Panamenas (FREPE)

Union Medica Panameña (UMP)

Centro de Estudiantes de Derecho (CED)

Comité Panameño de La Organizacion Internacional de Perodistas (OIP)

Comisión Femenina Pro Defensa de las Derechas de la Mujer y el Niño

Sociedad Graduados de Derecho

Frente Jose Dolores Moscote

Brigadas Comunes

9th de Enero

Conrado Gutierrez

Ascanio Arosemena

Soberania o Muerta

Asociación Universitaria de Economia

Movimiento Agrario Panameño (MAP)

Frente Estudiantil Revolucionario (FER)

Renovación Social de la Escuela de Trabajo Social

Asociación de Estudiantes de Odontologia

Grupo Experimental de Cine Universitario (GECU)

Departamento de Expresiones Artisticas de La Universidad de
Panama (DEXA)

Frente Estudiantil de Economia

Frente Amplio de Diplomacia

Frente de Reforma a la Ensenanza Universitaria

Movimiento de la Juventud Kuna

Movimiento de la Juventud Panameno

Juventud de Partido de Pueblo (Communist Party Youth)

Asociacion de Estudiantes de Servicio Social

Asociacion de Estudiantes de Administración Publica

Circulo Estudiantil de Comercio

Movimiento Pro Mejores del Chorillo

Frente Cultural "Cesar Vallejo"

Guayacucho

Sindicato Granja Experimental de Tocumen

Asociacion de Estudiantes Kuna

Union Nacional de Mujeres Panamenas (UNAMUP) Formed March of 1977.



INTER-AMERICAN DEVELOPMENT BANK

809 17TH STREET, N.W., WASHINGTON, D. C. 20577 TELEPHONE 634-8000

FOR IMMEDIATE RELEASE

December 16, 1976
NR-114/76INTER-AMERICAN BANK LENDS \$22 MILLION
FOR CONSTRUCTION OF HIGHWAY IN PANAMA

The Inter-American Bank today approved a \$22 million loan to help finance the construction of a highway in Panama.

The loan, which was extended to the Republic of Panama, will be used by the Ministry of Public Works through its Dirección Nacional de Construcción (DNC), to a highway between the towns of Arraiján and Chorrera, situated to the West of the Panama Canal Zone.

The total cost of the project is estimated at \$36.6 million, of which the Bank loan will cover 60.1 per cent and the Government of Panama will cover the remaining 39.9 per cent.

The DNC will use the Bank's loan to construct 14 miles of a high speed highway between Arraiján and Chorrera. The new highway will have four lanes, each of which will be 3.6 meters wide, and will have a capacity to handle 36,000 vehicles daily. It will run parallel to the Pan American Highway, which is presently saturated with a traffic volume of 8,000 vehicles per day.

Execution of the project will relieve the traffic congestions in Panama City and adjacent areas, expand the urban development area included within the metropolitan area, provide a safer road and thus reduce the frequency of traffic accident, reduce the transportation cost of users, and encourage tourist-related activities.

The Inter-American Bank has approved four previous loans totaling \$64.5⁸ million to help Panama finance road projects. Two of these loans have been completely disbursed.

- 2 -

Today's loan was extended from the ordinary capital resources for a term of 20 years at an interest rate of 8.6 per cent per annum. Up to \$20.5 million of the loan will be disbursed in dollars or other non-Panamanian currencies and up to the equivalent of \$1.5 million will be disbursed in Panamanian balboas.

The loan will be repaid in 22 semiannual installments, the first of which will be due 4-1/2 years after the date of the loan contract. Principal and interest payments will be made proportionately in the currencies disbursed.

The loan will be guaranteed by the Republic of Panama.

SUMMARY DATA

COUNTRY: Panama.

PROJECT: Construction of a highway.

BORROWER: The Republic of Panama.

EXECUTING AGENCY: Ministry of Public Works through its Dirección Nacional de Construcción (DNC), Panama City, Panama.

TOTAL COST: \$36.6 million, of which \$20 million are direct construction costs.

BANK LOAN: Ordinary capital resources, \$22 million (\$20.5 million in dollars or other non-Panamanian currencies and the equivalent of \$1.5 million in Panamanian balboas).

OTHER FINANCING: Government of Panama, \$14.6 million.

PROJECT DESCRIPTION: The construction of 14 miles of a high speed, four-lane highway between Arraiján and Chorrera.

GOODS AND SERVICES: The awarding of contracts for execution of the works.

PROCUREMENT PROCEDURES: International public bidding among Bank member countries on goods and services imported with resources of the Bank loan. National public bidding on domestic purchases.

ESTIMATED COMPLETION DATE: 1980.

December 16, 1976.



INTER-AMERICAN DEVELOPMENT BANK

808 17TH STREET N.W. WASHINGTON, D.C. 20577 TELEPHONE 634-8000

FOR IMMEDIATE RELEASE

December 9, 1976

NR-104/76

INTER-AMERICAN BANK LENDS \$5 MILLION FOR INDUSTRIAL CREDIT PROGRAM IN PANAMA

The Inter-American Bank today approved two loans totaling \$5 million to help finance an industrial credit program for the private sector in Panama.

The loans--\$3 million from the Bank's Fund for Special Operations and \$2 million from its ordinary capital resources--were extended to the Banco Nacional de Panamá (BNP), an autonomous state entity which operates largely as a commercial bank but which also grants development credits and performs certain central bank functions.

The BNP will use the resources of the Bank loans to extend medium- and short-term credits to small and intermediate industrial producers to establish, expand and improve manufacturing companies in the private sector. Credits approved under the program will be used to cover fixed investments and working capital.

The total cost of the program is estimated at \$7.5 million, of which the Bank loans will cover 66.7 per cent and the BNP the remaining 33.3 per cent.

As a result of efforts to stimulate the sector, the Ministry of Planning and Economic Policy has projected private investments of \$141 million in industrial manufacturing in the 1977-80 period which, if fulfilled, could produce an average annual growth of 5.5 per cent in the industrial manufacturing sector.

Since 1964 the Inter-American Bank has extended four loans totaling \$7.5 million to the BNP in an effort to help develop agriculture and industry in Panama.

- 2 -

Today's loans include:

. \$3 million from the Bank's Fund for Special Operations for a term of 20 years at an interest rate of 2 per cent per annum, of which \$1.5 million will be drawn from the unrestricted resources of the Fund. The loan will be disbursed in dollars or other non-Panamanian currencies which form part of the Fund.

The loan will be repaid in 32 semiannual installments, the first of which will be due 4-1/2 years after the date of the loan contract. Principal and interest payments will be made proportionately in the currencies disbursed.

. \$2 million from the Bank's ordinary capital resources for a term of 20 years at an interest rate of 8.6 per cent per annum. The loan will be disbursed in dollars or other non-Panamanian currencies which form part of the ordinary capital resources.

The loan will be repaid in 32 semiannual installments, the first of which will be due 4-1/2 years after the date of the loan contract. Principal and interest payments will be made proportionately in the currencies disbursed.

The loans will be guaranteed by the Republic of Panama.

SUMMARY DATA

COUNTRY: Panama.

PROJECT: Industrial credit.

BORROWER AND EXECUTING AGENCY: Banco Nacional de Panamá (BNP), Apartado 5220,
Panamá 5, Panamá.

TOTAL COST OF PROJECT: \$7.5 million.

BANK LOANS: Fund for Special Operations, \$3 million in dollars or other non-Panamanian currencies, including \$1.5 million in unrestricted resources; Ordinary capital resources, \$2 million in dollars or other non-Panamanian currencies.

OTHER FINANCING: BNP, \$2.5 million.

PROJECT DESCRIPTION: The granting of medium- and short-term credits to small and intermediate industrial producers to establish, expand and improve manufacturing companies in the private sector.

GOODS AND SERVICES: The acquisition of machinery, equipment and tools and the construction, assembly and installation of industrial plants.

ESTIMATED COMPLETION DATE: 1980.

December 9, 1976

news
release



INTER-AMERICAN DEVELOPMENT BANK

808 17TH STREET, N.W., WASHINGTON, D. C. 20577 TELEPHONE 634-8000

FOR IMMEDIATE RELEASE

July 29, 1976
NR-49/76

INTER-AMERICAN BANK GRANTS \$125,000 TO PANAMA
FOR A REGIONAL STUDY ON FINANCING LATIN AMERICAN EXPORTS

The Inter-American Bank today announced the approval of \$125,000 in non-reimbursable technical cooperation to carry out a regional study aimed at providing alternatives for the creation of a multinational mechanism to facilitate financing Latin American exports.

The technical cooperation, extended to the Government of Panama from the Bank's Fund for Special Operations, will be used by the Ministerio de Planificación y Política Económica (MPPE) and the Comisión Bancaria Nacional (CBN), Panama's Ministry of Planning and Political Economy and National Banking Commission, to contract consultants to undertake the studies.

The total cost of the technical cooperation is estimated at \$160,000, of which the Bank's contribution will cover 78 per cent and the Government of Panama the remaining 22 per cent.

The consultants' work will consist of the preparation of a detailed report containing an analysis of the present situation and existing mechanism for financing Latin American exports; and the objectives and economic foundations for a new financial export mechanism as well as the benefits and costs to be incurred by the Bank's member countries in creating such a mechanism.

From 1970 to 1974, the share of Latin American exports in world trade decreased from 6.1 to 5.2 per cent. During this period, exports as a share of regional gross national product declined from 12.5 to 11.8 per cent. To reverse this trend, Latin America needs to increase its exports and improve its ability to compete in international markets—an aim which can be achieved if more financial resources are made available for exports.



INTER-AMERICAN DEVELOPMENT BANK

808 17TH STREET, N.W. WASHINGTON, D.C. 20577 TELEPHONE 634-8000

FOR IMMEDIATE RELEASE

July 22, 1976
NR-47/76

IDB GRANTS \$158,000 FOR INSTITUTIONAL STRENGTHENING OF THE NATIONAL FINANCE CORPORATION

The Inter-American Bank today approved \$158,000 in nonreimbursable technical cooperation to strengthen the Corporación Financiera Nacional (COFINA) of Panama. COFINA is a new development finance agency.

The cooperation, extended from the income of the Bank's Fund for Special Operations, will be used to contract a consulting firm to advise COFINA during the initial stage of its operations on an appropriate institutional framework for its short-, medium- and long-term activities. Special emphasis will be placed on basic organization; decision-making procedures; estimates of volume of operations and capital requirements; financial administration; operational norms and procedures, and training for its professional staff.

The total cost of the technical cooperation is estimated at \$238,000, of which the Bank's contribution will cover 66.4 per cent. The remaining 33.6 per cent will come from local sources.

Since 1972, the Government of Panama has adopted measures to institutionalize the promotion of large-scale industrial development and exports. Although the National Bank of Panama lends to agricultural and industrial sectors, it does not meet the needs of large-scale industrial enterprises.

As a result, the Government of Panama decided, early in 1976, to establish the COFINA to provide long-term financing to create or expand industrial firms, with special emphasis on sectors producing for the export market.



INTER-AMERICAN DEVELOPMENT BANK

808 17TH STREET, N.W., WASHINGTON, D.C. 20577, TELEPHONE 634-8000

FOR IMMEDIATE RELEASE

December 5, 1975

NR-94/75

INTER-AMERICAN BANK LENDS \$12.2 MILLION TO IMPROVE TECHNICAL AND VOCATIONAL EDUCATION IN PANAMA

The Inter-American Bank today announced the approval of a \$12.2 million loan to help expand and improve intermediate level technical and professional education in Panama.

The loan, which was extended to the Government of Panama, will be used by the Ministry of Education to implement educational reform in Basic Cycle schools and in professional and technical institutes in an effort to satisfy a national demand for skilled and semiskilled labor estimated by the Ministry of Planning and Economic Policy of Panama at more than 140,000 workers by 1980.

The total cost of the program is estimated at \$18 million, of which the Bank loan will cover 67.8 per cent and the Ministry of Education the remaining 32.2 per cent.

The program calls for:

- . The construction of approximately 19 schools to teach the Basic Cycle and of approximately four vocational and technical institutions.

- . The equipping of these schools through the acquisition of machinery, tools, teaching materials, furniture, laboratory equipment and textbooks.

In addition to the loan, the Bank approved \$338,000 in grant technical cooperation which will be used for:

- . The implementation of educational reform in the Basic Cycle schools and the professional and technical institutes to improve the quality of education and to permit the preparation of students with different skill levels.

. The improvement of the teaching, administrative and supervisory personnel of the Basic Cycle schools and the vocational and technical institutes by providing scholarships for 41 teachers to study abroad.

In response to the recommendations of a National Commission on Education Reform, organized in 1970, the Ministry of Education has established a nine-year "General Basic Education" program of free and compulsory education for young Panamanians. The last three years of this program is geared closely to the socio-economic needs of the area served by the school and is known as the "Basic Cycle."

The 19 Basic Cycle schools, with a total estimated enrollment of 6,840 students, will be located predominantly in rural areas inhabited by low-income families. Of these, 17 will provide training in agriculture and two in industry. The total estimated enrollment of the vocational and technical institutes will be 2,040. Three of these institutes will provide vocational training in agriculture and one in industry.

Today's loan was extended from the Bank's Fund for Special Operations for a term of 30 years at an interest rate of 2 per cent per annum. The loan will be disbursed in dollars or other non-Panamanian currencies. It will be repaid in 44 semiannual installments, the first of which will be due 8-1/2 years after the date of the loan contract. Principal and interest payments will be made proportionately in the currencies disbursed.

SUMMARY DATA

COUNTRY: Panama.

PROJECT: Improvement of technical and professional education.

BORROWER: Republic of Panama.

EXECUTING AGENCY: The Ministry of Education, Panama, Republic of Panama.

TOTAL COST: \$18 million, of which \$11,455,000 are costs of works and buildings.

BANK LOAN: Fund for Special Operations, \$12.2 million (in dollars or other non-Panamanian currencies).

OTHER FINANCING: Ministry of Education, \$5.8 million.

PROJECT DESCRIPTION: The construction of approximately 19 schools to teach the Basic Cycle and of approximately four professional and technical institutions, and the equipping of these schools and institutes through the acquisition of machinery, tools, teaching materials, furniture, laboratory equipment and textbooks, to be partially financed by the Bank's loan; and the implementation of educational reform in the Basic Cycle schools and the professional and technical institutes and the improvement of the teaching, administrative and supervisory personnel of these schools and institutes by providing scholarships for 41 teachers to study abroad, to be financed partially by the Bank's technical cooperation grant.

GOODS AND SERVICES: The acquisition of machinery, instruments, hardware, electrical equipment, metal structures, roofing, plumbing and related materials for use in the construction of the schools, and the acquisition of teaching materials, furnishings, books and publications and equipment for the schools.

PROCUREMENT PROCEDURES: International public bidding among Bank members countries on goods and services imported with the resources of the Bank loan, with the exception of \$150,000 in unrestricted resources which may be used for purchases in nonmember countries of the Bank. National public bidding on domestic purchases.

ESTIMATED COMPLETION DATE: 1980.

December 5, 1975



INTER-AMERICAN DEVELOPMENT BANK

808 17TH STREET, N.W. WASHINGTON, D.C. 20577 TELEPHONE 634-8000

FOR IMMEDIATE RELEASE

September 11, 1975
NR-58-75

INTER-AMERICAN BANK LENDS \$30 MILLION FOR CONSTRUCTION OF RURAL ROADS IN PANAMA

The Inter-American Bank today announced the approval of a \$30 million loan to help finance the construction and improvement of rural roads in Panama.

The loan, which was extended to the Republic of Panama, will be used by the Ministry of Public Works through its National Construction Bureau (DNC) to carry out the third stage of a road program that will make it possible to incorporate new areas of production into the national economy and improve substantially the socioeconomic condition of inhabitants of the rural areas where the works will be executed.

The total cost of the project is estimated at \$43 million, of which the Bank loan will cover 69.8 per cent and the Government of Panama will cover the remaining 30.2 per cent.

The DNC will use the resources of the Bank loan to build eight roads with a combined length of approximately 134 miles in rural areas lacking road facilities and inhabited by low-income families in the Provinces of Coclé, Los Santos, Herrera, Chiriquí, Colón and Veraguas.

The program is designed to increase agricultural production and productivity and to expand marketing prospects in these regions, to encourage new agro-industrial activities, and to facilitate the utilization by inhabitants of existing farm credit, technical assistance and health education programs, as well as to reduce the transportation costs of the users.

- 2 -

The Inter-American Bank has approved three previous loans totaling \$34.5 million to help Panama finance road projects. Two of these loans have been completely disbursed.

Today's loan was extended from the resources of the Fund for Special Operations for a term of 30 years at an interest rate of 2 per cent per annum. Up to \$23.7 million of the loan will be disbursed in dollars or other non-Panamanian currencies which form part of the Fund and up to the equivalent of \$6.3 million will be disbursed in Panamanian balboas.

The loan will be repaid in 44 semiannual installments, the first of which will be due 8-1/2 years after the date of the loan contract. Principal and interest payments will be made proportionately in the currencies disbursed.

The loan will be guaranteed by the Republic of Panama.

SUMMARY DATA

COUNTRY: Panama.

PROJECT: Construction and improvement of rural roads.

BORROWER: The Republic of Panama.

EXECUTING AGENCY: Ministry of Public Works through its National Construction Bureau (DNC), Panama City, Panama.

TOTAL COST: \$43 million, of which \$38,080,000 are direct construction costs.

BANK LOAN: Fund for Special Operations, \$30 million (\$23.7 million in dollars or other non-Panamanian currencies and the equivalent of \$6.3 million in Panamanian balboas).

OTHER FINANCING: Government of Panama, \$13 million.

PROJECT DESCRIPTION: The construction of eight rural roads with a combined length of approximately 134 miles in the Provinces of Coclé, Los Santos, Herrera, Chiriquí, Colón and Veraguas.

GOODS AND SERVICES: The awarding of contracts for execution of the works.

PROCUREMENT PROCEDURES: International public bidding among Bank member countries on goods and services imported with resources of the Bank loan. National public bidding on domestic purchases.

ESTIMATED COMPLETION DATE: 1979.

September 11, 1975.



INTER-AMERICAN DEVELOPMENT BANK

808 17TH STREET, N.W., WASHINGTON, D.C. 20577 TELEPHONE 634-8000

March 10, 1975
NR-13/75

FOR IMMEDIATE RELEASE

INTER-AMERICAN BANK GRANTS \$645,000 FOR TRAINING PROGRAM IN CENTRAL AMERICA AND PANAMA

The Inter-American Development Bank announced the approval of \$645,000 in technical cooperation to help carry out a training program in administration in the public sector in Central America and Panama.

The technical cooperation, extended on a nonreimbursable basis, will help the Instituto Centroamericano de Administración Pública (ICAP) execute a three-year training program for the benefit of its member countries.

ICAP, a regional institution supported by the five nations of Central America and Panama, was established to provide their governments with a training and technical cooperation mechanism to strengthen public administration for economic development and integration in the region.

The project, scheduled to begin in 1975, will offer courses to high and intermediate level government officials in each ICAP member country on project management systems, management of public enterprises, and management of regional integration programs. The courses will include workshops, seminars and in-service training. The IDB sponsored program will also include research activities and the preparation of teaching materials.

The total cost of the project is estimated at \$1,023,000 for the three-year period.

Today's operation is a continuation of Bank efforts to help ICAP implement its programs. Previously, the Bank had collaborated with ICAP in a two-year pilot program of national and regional courses on project management systems for economic

and social development projects financed through loans from the Inter-American Bank and/or the Central American Bank for Economic Integration.



INTER-AMERICAN DEVELOPMENT BANK

808 17TH STREET, N.W. WASHINGTON, D. C. 20577 TELEPHONE 393-4171

December 12, 1974
NR-71/74

FOR IMMEDIATE RELEASE

INTER-AMERICAN BANK LENDS \$3 MILLION FOR PREINVESTMENT PROGRAM IN PANAMA

The Inter-American Bank today announced the approval of a \$3 million loan to help Panama execute the second stage of a global preinvestment program.

The loan was extended to the Republic of Panama and will be used by the Fondo de Preinversión (FONDO), a government agency charged with administration of technical and economic feasibility studies of investment projects.

The total cost of the project is estimated at \$4.5 million, of which the Bank loan will cover 66.6 per cent and local sources the remainder.

In 1970 the Bank extended a loan for \$1.7 million to help finance the first stage of the program consisting of 20 studies, of which six have been completed and 14 are still in progress.

The program consists of the granting of credits to finance technical, economic, and financial feasibility studies for specific or general public or private sector projects that will have a favorable impact on the Panamanian economy.

The FONDO will use the resources of the Bank loan for:

- . Specific technical and economic feasibility studies of specific projects and/or programs, supplemental studies of projects which require improved presentation or additional studies for the purpose of negotiating external or internal financing, and specific projects of border integration programs which may be multinational in character.
- . General sector and subsectoral prefeasibility studies for the identification of specific projects or quantification of investments in a sector, and general studies, including human and natural resources and related studies, for the purpose of identifying specific projects and/or programs.

. Other studies designed to increase the administrative or productive capacity of enterprises which are actual or potential recipients of credits from the FONDO or from national or international organizations.

Today's loan was extended from the Bank's Fund for Special Operations for a term of 35 years at an interest rate of 2 per cent per annum. Up to \$2,250,000 will be disbursed in dollars or other non-Panamanian currencies which form part of the Fund and up to the equivalent of \$750,000 will be disbursed in balboas.

The loan will be repaid in 54 semiannual installments, the first of which will be due 8-1/2 years after the date of the loan contract. Principal and interest payments will be made proportionately in the currencies disbursed.

SUMMARY DATA

COUNTRY: Panama.

PROJECT: Second stage of global preinvestment program.

BORROWER: Republic of Panama.

EXECUTING AGENCY: Fondo de Preinversión (FONDO), Panama, Republic of Panama.

TOTAL COST: \$4.5 million.

BANK LOAN: Fund for Special Operations, \$3 million (\$2,250,000 in dollars or other non-Panamanian currencies and \$750,000 in balboas).

OTHER FINANCING: Local sources, \$1.5 million.

PROJECT DESCRIPTION: The financing of a global preinvestment program consisting of the granting of credits to finance technical, economic and financial feasibility studies, as well as design and final engineering studies for specific or general projects in the public and private sectors that will have a favorable impact on the economy.

GOODS AND SERVICES: The contracting of consulting services in Bank member countries and the rental and depreciation of equipment directly related to execution of the studies.

ESTIMATED COMPLETION DATE: 1978.

December 12, 1974

**INTER-AMERICAN DEVELOPMENT BANK**

808 17th. ST. N.W. WASHINGTON, D.C. 20577 TELEPHONE, EX 3-4171

August 23, 1974
NR/40-74FOR IMMEDIATE RELEASE**INTER-AMERICAN BANK GRANTS \$223,000
TO FOSTER RURAL MANAGEMENT IN PANAMA**

The Inter-American Bank today announced the approval of \$223,000 in grant technical cooperation to help carry out a rural management program in Panama.

The technical cooperation was extended to the Government of Panama and will be used by the Ministry of Planning and Economic Policy to execute a program for the development and expansion of essential services for farm organizations in conjunction with the Government of Israel, the United Nations Organization and the United States Agency for International Development (AID).

The total cost of the project is estimated at \$526,300, of which the Bank's technical cooperation will cover 42.4 per cent, the Government of Panama 38.2 per cent, the Government of Israel 12.5 per cent and other sources the remaining 6.9 per cent.

The project will include two courses in rural management to train a minimum of 80 technicians, 10 seminars for members of farm organizations and two additional seminars for officials of the farming sector.

The courses and seminars will be conducted by Panamanian instructors assisted by Israeli experts who will be contracted by the Government of Panama under terms of the Technical Cooperation Agreement entered into by the Bank and the Government of Israel in 1970.

The rural management courses will comprise theoretical and practical training in Panama and will include an observation and study trip to Israel for the Panamanian instructors and not more than 20 participants, to be selected on a performance basis.

Completion of the training courses will enable the Panamanian technicians to help improve the technical and administrative procedures of Panama's farm organizations, thereby increasing their production efficiency and accelerating farm and livestock development throughout the country.



INTER-AMERICAN DEVELOPMENT BANK

808 17th. ST. N.W. WASHINGTON, D.C. 20577 TELEPHONE. EX 3-4171

August 1, 1974
NR-31/74

FOR IMMEDIATE RELEASE

INTER-AMERICAN BANK LENDS \$8 MILLION TO FINANCE FARM CREDIT PROGRAM IN PANAMA

The Inter-American Bank today announced the approval of an \$8 million loan to help Panama finance a farm credit program for approximately 2,350 small- and medium-scale farmers.

The loan will be used by the Banco de Desarrollo Agropecuario (BDA), Panama's agricultural credit agency, to help small- and medium-scale stock raisers and farmers increase production and productivity, augment their incomes, improve agricultural employment opportunities, expand the basic supply of domestic food products and make more beef available for export.

The total cost of the program is estimated at \$12,080,000, of which the Bank loan will cover 66 per cent and the BDA the remaining 34 per cent.

The BDA will relend the resources of the Bank loan to livestock producers for the purchase of dairy cattle, beef cattle, hogs and farm equipment and for the construction of installations, and to growers of rice, corn, sorghum and vegetables, staples of the Panamanian diet, for the purchase or leasing of heavy farm equipment and the acquisition of technical inputs such as fertilizers, fungicides and insecticides.

The BDA will charge the same interest rates to sub-borrowers that it has charged in carrying out previous programs partially financed by Inter-American Bank loans-- 8 per cent for small and 9 per cent for medium scale

producers. The interest differential between the rate charged by the Bank and that charged by the BDA will be used to consolidate the financial position of the BDA and, especially, to finance the cost of the technical assistance to the sub-borrowers and thus guarantee the provision of adequate service to the farmers.

The program will benefit initially an estimated 1,060 stock raisers and 1,290 farmers located in Panama primarily in the provinces of Chiriquí, Coclé, Veraguas, Herrera, Los Santos and Panamá.

In addition, the Bank approved \$360,000 in nonreimbursable technical cooperation to help strengthen the administration of the BDA and to instruct BDA personnel in soil, pest and disease control techniques.

Execution of the program will help satisfy the growing demand for farm credit in Panama and will bring into the market small- and medium-scale farmers who at present do not have access to development financing. In addition, by increasing the production of rice, corn, sorghum and vegetables, the program will help meet growing domestic demand for these staples.

The Bank has previously approved five loans totaling \$13.1 million to the Instituto de Fomento Económico (IFE), which was replaced in 1973 by BDA, to help finance small- and medium-scale producers having no access to other institutional sources of credit.

Today's loan was extended from the Bank's Fund for Special Operations for a term of 35 years at an interest rate of 2 per cent per annum. Up to \$5.8 million will be disbursed in dollars or other non-Panamanian currencies which form part of the Fund and up to the equivalent of \$2.2 million will be disbursed in balboas.

- 3 -

The loan will be repaid in 54 semiannual installments, the first of which will be due 8-1/2 years after the date of the loan contract. Principal and interest payments will be made proportionately in the currencies disbursed.

The loan will be guaranteed by the Republic of Panama.

SUMMARY DATA

COUNTRY: Panama.

PROJECT: Agricultural credit program.

BORROWER AND EXECUTING AGENCY: Banco de Desarrollo Agropecuario (BDA), Apartado 5282, Panamá 5, Panamá.

TOTAL COST: \$12,080,000, of which \$12 million will be extended as subloans.

BANK LOAN: Fund for Special Operations, \$8 million (\$5.8 million in dollars or other non-Panamanian currencies, \$2.2 million in balboas).

OTHER FINANCING: BDA, \$4,080,000.

PROJECT DESCRIPTION: The granting of loans to approximately 2,350 small- and medium-scale farmers to raise farm production and productivity, to augment farmer income, to increase agricultural employment and to make available greater quantities of beef for export.

GOODS AND SERVICES: The purchase of dairy cattle, beef cattle and hogs and the machinery, vehicles, farm inputs, packaging materials and related equipment required for the production of rice, corn sorghum and vegetables.

PROCUREMENT PROCEDURES: International public bidding among member countries of the Bank on goods and services imported with resources of the Bank loan. National public bidding on domestic purchases.

ESTIMATED COMPLETION DATE: 1978.

**INTER-AMERICAN DEVELOPMENT BANK**

808 17th. ST. N.W. WASHINGTON, D.C. 20577 TELEPHONE EX 3-4171

May 2, 1974
PR-18/74FOR IMMEDIATE RELEASE**INTER-AMERICAN BANK LENDS \$3.5 MILLION
TO HELP PANAMA DEVELOP FISHERY RESOURCES**

The Inter-American Bank today announced the approval of a \$3.5 million loan to help Panama develop its fishery resources by the expansion and consolidation of small-scale fishing cooperatives on both coasts.

The loan, which was extended to the Republic of Panama, will be used by the Banco de Desarrollo Agropecuario (BDA), Panama's national agriculture development agency, to supply the credits necessary to expand and consolidate four existing cooperatives, to organize five additional cooperatives in selected coastal localities and to organize a cooperative marketing federation in Panama City.

The total cost of the project is estimated at \$4,890,000, of which the Bank loan will cover 71.6 per cent and the Panamanian Government the remaining 28.4 per cent.

The four existing cooperatives which will be expanded and consolidated are located at Chorillo, Farallón, Pedregal and Montijo on the Pacific Coast, while the five new cooperatives will be established at Chepillo, San Miguel, Armuelles and Mensabé on the Pacific coast and at Almirante (Bocas del Toro) on the Atlantic coast.

Resources of the Bank loan will help the fishing cooperatives to acquire complete fishing vessels and/or hulls and materials for the construction of fiberglass vessels, marine diesel engines, equipment, nets and fishing gear; to construct wharves, berths, buildings and other shore facilities, and to purchase and equip cold-storage and related facilities.

The Bank loan includes \$180,000 in technical cooperation which will be used to contract consultants to help organize and operate the cooperatives and maintain equipment and to improve administrative techniques of the BDA.

The project is expected to provide new boats for an estimated 200 fisherman and to double the amount of fish produced for domestic consumption. Initially it will create 412 new jobs in coastal areas and by the fifth year will benefit an estimated 1,500 cooperative members. In addition, it will increase the average annual income of Panamanian fishermen from \$400 at present to approximately \$1,560.

Panama's small-scale fishing fleet consists of 600 boats, 360 of which are equipped with small motors and average 12 meters in length.

Today's loan was extended from the Bank's Fund for Special Operations for a term of 30 years at an interest rate of 2 per cent per annum. It will be disbursed in dollars or other non-panamanian currencies.

The loan will be repaid in 50 semiannual installments, the first of which will be due 5-1/2 years after the date of the loan contract. Principal and interest payments will be made proportionately in the currencies lent.

SUMMARY DATA

COUNTRY: Panama

PROJECT: Cooperative Fishery

BORROWER: The Republic of Panama

EXECUTING AGENCY: Banco de Desarrollo Agropecuario (BDA), Panama City

TOTAL COST: \$4,890,000, of which \$2,803,000 represents direct costs.

BANK LOAN: Fund for Special Operations, \$3.5 million (in dollars or non-Panamanian currencies).

OTHER FINANCING: \$1,390,000 by the Panamanian Government.

PROJECT DESCRIPTION: The expansion and consolidation of four existing fisheries and the organization and establishment of five new cooperatives in selected spots along both of Panama's coasts, as well as a federation of cooperatives in Panama City, through subloans to those associations for the purchase of vessels, machinery and modern equipment, the purchase of land and vehicles and the installation of landside facilities.

GOODS AND SERVICES: The purchase of 25 and 30-foot fishing vessels, transport vessels, construction materials and services, machinery and equipment and vehicles, and the contracting of advisory services for the promotion and operation of the fishery cooperatives and of vessels and fishing equipment and in the processing by the BDA of subloans to program beneficiaries.

PROCUREMENT PROCEDURES: International public bidding among member nations of the Banks on goods and services imported with resources of the Bank loan. National public bidding on domestic purchases.

ESTIMATED DATE OF COMPLETION: 1979.

May 2, 1974



INTER-AMERICAN DEVELOPMENT BANK

808 17th. ST. N.W. WASHINGTON, D.C. 20577 TELEPHONE, EX 3-4171

December 13, 1973
NR-58/73

FOR IMMEDIATE RELEASE

INTER-AMERICAN BANK LENDS \$15 MILLION TO HELP BUILD DARIEN GAP HIGHWAY IN PANAMA

The Inter-American Development Bank today announced the approval of a \$15 million loan to help build a 193-mile highway through the Darien gap in Panama. The highway would be the final link in the Pan American Highway System which extends from Alaska to the southern tip of South America.

The Bank loan, which was extended to the Republic of Panama, will help the Ministry of Public Works of Panama (MOP) through its Pan American Highway Department to build three sections of the Darien Gap Highway totaling 104 miles in length, or approximately 54 per cent of the route in Panama.

The resources of the Bank loan will help finance the direct costs of construction, including earthmoving and drainage works, structures and selected material, along three sections of the project totaling 104-miles--Tocumen-Cañitas, 35 miles, at the northwestern terminus of the road; Payano-Cañazas, 44 miles, and Yapé-Palo de las Letras, 25 miles, at the Colombian border.

The construction of the highway through the Darien Isthmus in both Panama and Colombia will permit unbroken highway communication between Alaska and the southern tip of South America. The idea of linking the capitals of all the Latin American countries by road was first discussed

at the First Pan American Conference, held in Washington, D.C., in 1889, and was formally adopted in the First Pan American Highway Congress in Buenos Aires, Argentina, in 1925.

In 1963 the continuous highway from Alaska to Panama City was opened to traffic, a distance of 7,656 miles. Sections of the highway in South America were also built, leaving the Darien route as the only incomplete portion.

The total cost of the project is estimated at \$106.8 million, of which the Bank loan will cover 14.04 per cent, the Panamanian Government 7.89 per cent and the United States Government, the Export-Import Bank and the First National City Bank of Chicago the remaining 78.07 per cent.

Under a law approved by the Congress in 1970, the United States Government has made available a grant of \$100 million, or two-thirds of the original estimated cost of the project, to assist Panama and Colombia in financing the construction of their respective portions of the highway. Of this amount, \$60 million was earmarked for Panama and \$40 million for Colombia.

Execution of the Darien project will stimulate regional economic integration by permitting an easy flow of highway traffic between South America on the one hand and Central America and Mexico on the other. In addition, the new roadway will enable Panama to incorporate the entire eastern section of the country--comprising some 7,700 square miles and representing about one-third of the nation's total area--into the national economy, thereby facilitating exploration of the hitherto inaccessible region and permitting the exploitation of any natural resources that may be found there.

Today's loan was extended from the Bank's Fund for Special Operations (from resources provided to the Bank by Bank members prior to May 3, 1972) for a term of 40 years at an interest rate of 2 per cent per annum. Up to \$11.4 million of the loan will be disbursed in dollars and up to the equivalent of \$3.6 million will be disbursed in balboas.

The loan will be repaid in 60 semiannual installments, the first of which will be due 10-1/2 years after the date of the loan contract. Principal and interest payments will be made proportionately in the currencies disbursed.

SUMMARY DATA

COUNTRY: Panama.

PROJECT: Darien Gap Highway.

BORROWER: The Republic of Panama.

EXECUTING AGENCY: The Ministry of Public Works of Panama (MOP) through its Pan American Highway Department.

TOTAL COST: \$106.8 million, of which \$81 million represents direct construction costs.

BANK LOAN: Fund for Special Operations, \$15 million (\$11.4 million in dollars, \$3.6 million in balboas).

OTHER FINANCING: The Government of Panama, \$8,415,000; the United States Government, \$68.4 million; the Export-Import Bank and the First National Bank of Chicago, \$7.5 million each.

PROJECT DESCRIPTION: The construction of the first stage of a modern highway totaling 193 miles in length through the Darien region of Panama, starting near the Tocumen Airport and extending through the towns of Chepo, Cañitas, Aibir and Cañazas in the Province of Panama, and Santa Fé and Yaviza in the Darien Province, as far as the Panama-Colombia border at Palo de las Letras, and including the erection, construction or installation of earthworks, drains and culverts, structures and a wearing course finished in gravel on six sections of the highway. Paving of the highway will be done at a later date during the second stage of the construction.

GOODS AND SERVICES: The financing of direct construction costs.

PROCUREMENT PROCEDURES: International competition exclusively in Panama and the United States.

ESTIMATED COMPLETION DATE: 1978.

December 13, 1973

73/9207

SUMMARY DATA

COUNTRY: Panama.

PROJECT: Industrial credit program.

BORROWER AND EXECUTING AGENCY: Banco Nacional de Panamá (BNP).

TOTAL COST: \$6 million, of which some \$3 million will cover direct investment costs.

BANK LOAN: Fund for Special Operations, \$3 million (in dollars or other non-Panamanian currencies).

OTHER FINANCING: Banco Nacional de Panamá, \$1.5 million, and beneficiaries, \$1.5 million.

PROJECT DESCRIPTION: The continuation of a program to grant long-term credits at concessional interest rates to stimulate the establishment, expansion or improvement of small- and medium-sized private industrial enterprises in furtherance of Panama's national development goals.

GOODS AND SERVICES: The acquisition of imported machinery, equipment, construction components and services.

ESTIMATED COMPLETION DATE: 1978:

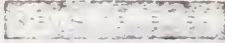
August 2, 1973

73/8663



INTER-AMERICAN DEVELOPMENT BANK

808 17th. ST. N.W. WASHINGTON, D.C. 20577 TELEPHONE, EX 3-4171



December 5, 1972
NR-46/72

FOR IMMEDIATE RELEASE

BANK LENDS \$7.5 MILLION TO CONSTRUCT POTABLE WATER AND SEWAGE SYSTEMS IN PANAMA

The Inter-American Bank today approved a \$7.5 million loan to help Panama construct and expand water supply and sewage systems which will benefit approximately 140,000 persons in the interior of the country.

The loan, which was extended to the Instituto de Acueductos y Alcantarillados Nacionales (IDAN), the autonomous state agency in charge of construction, operation and maintenance of water and sewage systems in Panama, will help finance the construction of new potable water systems in some 60 rural villages, the expansion of existing water systems in approximately 20 small towns and the installation of a sewage system in a densely-populated section of the city of David.

The total cost of the project is estimated at \$11,450,000, of which the Bank loan will cover 65.5 per cent and Panamanian sources the remaining 34.5 per cent.

Specifically, proceeds of the Bank loan will help finance:

--The construction of new potable water systems in approximately 60 rural villages containing less than 2,000 inhabitants each and benefiting a total population of about 61,000 persons.

--The expansion of existing water systems in some 20 other rural towns and cities, benefiting a total of approximately 60,000 persons. Of these communities, 18 have a population of 5,000 or less.

--The installation of a sewage system which will benefit some 19,000 persons in the most densely-populated section of David which, with a population of 39,000, is the third largest city in the republic.

The execution of the project is expected to produce a decline in the incidence of water-borne diseases in the interior of Panama which, in turn, will beneficially affect labor productivity, diminish the rate of infant mortality and generally facilitate socio-economic development.

The loan is the third credit extended by the Inter-American Bank to IDAAN since 1962 to help construct and expand water and sewage systems in the interior of the country. The previous two Bank loans totaled \$6,212,000 and financed programs with a combined cost of approximately \$12.7 million.

In 1962 the Bank authorized a \$2,762,000 loan from its Social Progress Trust Fund to help IDAAN finance the construction and expansion of potable water systems in seven cities with a combined population of 78,600 and to construct water treatment plants in three of these cities. In 1967 the Bank approved a second loan in the amount of \$3,450,000 from its Fund for Special Operations to help IDAAN improve water systems in approximately 45 rural communities and to extend the sewage system in Chitré.

Today's loan was approved from the Bank's Fund for Special Operations for a term of 35 years at an interest rate of 1-1/4 per cent per annum. In addition, a service charge of 3/4 of 1 per cent will be charged on

principal amounts outstanding. Up to \$4,250,000 will be lent in dollars or other non-Panamanian currencies which form part of the Fund and up to the equivalent of \$3,250,000 will be lent in balboas.

The loan will be repaid in 54 semiannual installments, the first of which will be due 8-1/2 years after the date of the loan contract. Principal and interest payments will be made proportionately in the currencies disbursed.

The loan will be guaranteed by the Republic of Panama.

SUMMARY DATA

COUNTRY: Panama.

PROJECT: Water supply and sewage systems.

BORROWER AND EXECUTING AGENCY: Instituto de Acueductos y Alcantarillados Nacionales (IDAAAN), Panama City, Panamá.

TOTAL COST: \$11,450,000.

BANK LOAN: Fund for Special Operations, \$7.5 million (\$4,250,000 in dollars or other non-Panamanian currencies and \$3,250,000 in balboas).

OTHER FINANCING: \$3,740,000 from IDAAAN and \$210,000 in community support.

PROJECT DESCRIPTION: The construction of new water systems in approximately 60 rural villages with a total present population of about 61,000, the expansion of existing water systems in some 20 other small cities with a present population of about 60,000, and the installation of a sewage system which will benefit an estimated 19,000 inhabitants of the southwestern section of David, the third largest city in Panama.

GOODS AND SERVICES: The purchase of construction tools and materials, transportation, metering, pumping and chlorination equipment; rural water systems, metal tanks, well piping and other materials.

PROCUREMENT PROCEDURES: International public bidding among eligible member countries of the Bank on imported equipment covered by resources of the Bank loan. National public bidding on domestic purchases.

ESTIMATED COMPLETION DATE: 1976.

December 5, 1972

72/7822



BANCO INTERAMERICANO DE DESARROLLO

808 17th. N.W. WASHINGTON, D.C. 20577 TELEFONO. EX 3-4171

9 de noviembre de 1972
CP-42/72

PARA SU PUBLICACION INMEDIATA

EL BID PRESTA \$1,3 MILLON A PANAMA PARA PROGRAMA DE DESARROLLO AGROPECUARIO

El Banco Interamericano de Desarrollo anunció hoy la aprobación de un préstamo por el equivalente de 1.300.000 dólares para ayudar a mejorar la producción agropecuaria en Panamá.

El prestatario es el Instituto de Fomento Económico (IFE), organismo gubernamental encargado de ejecutar los planes nacionales de desarrollo en el sector agropecuario.

Los recursos del préstamo contribuirán a financiar la etapa complementaria de un programa de crédito y mercadeo encaminado a ayudar a los pequeños y medianos agricultores y ganaderos de todo el país a adquirir maquinarias agropecuarias, ganado bovino de pura raza para carne y leche, ganado porcino y aves de corral, así como a preparar la tierra y hacer mejoras en sus fincas para la producción de arroz, maíz, frijoles, tomates y otros productos.

El programa fue iniciado en 1969 con la ayuda de otros dos préstamos del BID, por un total de \$6,4 millones, y su primera etapa tuvo un costo total de \$15,4 millones. El costo de la etapa complementaria, a la cual se destinará el nuevo financiamiento, se estima en \$2.684.000, de los cuales el préstamo del Banco representa el 48 por ciento; el 52 por ciento restante será financiado, en partes iguales, por el IFE y los beneficiarios.

La ejecución del programa permitirá a los agricultores y ganaderos panameños aumentar la productividad de sus cosechas en una medida que, según se espera, elevará sus niveles de ingreso aproximadamente en un 20 por ciento.

En 1970 y 1971, los dos primeros años de ejecución del programa, el IFE extendió un total de 3.500 créditos por una suma aproximada de \$8,5 millones, sobrepasando las metas fijadas inicialmente. De ese total, 2.800 créditos, por el equivalente de \$5 millones, fueron suministrados a pequeños productores y los 700 restantes, por el equivalente de \$3,5 millones, a medianos productores.

Por otra parte, con la ayuda de una partida de \$593.000 suministrada previamente por el Banco para financiar costos de asistencia técnica, el IFE ayudó a iniciar diversos estudios de producción de granos, a determinar la localización y diseñar nuevas instalaciones de almacenamiento, a ensanchar o remodelar plantas existentes y a dotar a los beneficiarios del programa de servicios de extensión agropecuaria.

La producción agrícola representa el 25 por ciento del producto interno bruto de Panamá, pero en los últimos años no se ha incrementado al mismo ritmo que la de otros sectores. Esto se ha debido en gran parte a la falta de maquinarias modernas, técnicas adecuadas de producción y suficientes instalaciones de almacenamiento.

El Gobierno de Panamá, en vista de esta situación, ha dado alta prioridad al desarrollo agrícola, destinando alrededor del 17 por ciento del total de las inversiones públicas a este sector, durante el período comprendido entre 1962-72.

El préstamo aprobado hoy fue extendido del Fondo para Operaciones Especiales del Banco, por un plazo de 35 años y con un interés del 1-1/4 por ciento anual. Se cobrará además una comisión de 3/4 por ciento sobre los saldos deudores.

Hasta el equivalente de \$846.000 será desembolsado en dólares o en otras monedas que formen parte del Fondo, excepto balboas, y el equivalente de \$454.000 será desembolsado en balboas.

El préstamo será amortizado en 54 cuotas semestrales, la primera de las cuales será pagadera 8 1/2 años después de la fecha de suscripción del contrato. Las cuotas de amortización y los intereses se pagarán proporcionalmente en las monedas desembolsadas o, a elección del deudor, en balboas.

El préstamo tendrá la garantía de la República de Panamá.

RESUMEN DE DATOS

PAIS: Panamá

PROYECTO: Crédito agropecuario.

PRESTATARIO Y ORGANISMO EJECUTOR: Instituto de Fomento Económico (IFE).

FINANCIAMIENTO DEL BANCO: \$1,3 millones del Fondo para Operaciones Especiales (\$846.000 en dólares u otras monedas excepto balboas, y \$454.000 en balboas).

OTROS FINANCIAMIENTOS: \$692.000 del IFE y \$692.000 de los beneficiarios.

DESCRIPCION DEL PROYECTO: Etapa complementaria de un programa de crédito iniciado en 1969, que está ayudando a más de 2.800 pequeños productores y 700 medianos productores a financiar la compra de maquinarias agrícolas y ganado bovino y porcino, así como a preparar y mejorar sus fincas para la producción de arroz, maíz, frijoles, tomates y otros productos.

BIENES Y SERVICIOS: Compra de maquinaria agrícola, ganado, semillas y otros bienes.

FECHA ESTIMADA DE TERMINACION: 1974

. 9 de noviembre de 1972

72/7685



INTER-AMERICAN DEVELOPMENT BANK

808 17th. ST. N.W. WASHINGTON, D.C. 20577 TELEPHONE, EX 3-4171



July 5, 1972
NR-19/72

FOR IMMEDIATE RELEASE

**BANK APPROVES \$6.9 MILLION LOAN
TO IMPROVE NATIONAL UNIVERSITY OF PANAMA**

The Inter-American Bank today announced the approval of a loan equivalent to \$6.9 million to expand academic capacity and physical facilities at the National University of Panama.

The total cost of the program is \$10,700,000, of which the Bank loan will cover 64.5 per cent and the National University of Panama the remaining 35.5 per cent.

Specifically, the project is designed to:

- Improve academic qualifications by providing scholarships for post-graduate study in foreign countries for 110 faculty members.
- Implement a regular system of review and evaluation of curricula content and teacher effectiveness.
- Improve administration and financial planning and management capabilities and systematize accounting, budgeting and inventory control procedures.
- Construct 8 additional library, classroom, laboratory and administration buildings and an annex for an existing structure and buy the furniture, library books, laboratory equipment and teaching aids needed for these facilities.

A total of \$1.2 million of the Bank loan will be used for technical assistance. Of this amount, \$1.1 million will be devoted to the faculty scholarship program and \$126,000 will be used to hire consultants to work with the University Planning Office on academic and physical planning and administrative and financial management.

Ninety-five per cent of students of college age in Panama attend the National University of Panama, the only public university in that country. Enrollment for the 1971-72 academic year is 14,467. Of a total faculty of 581, only about 128 possess doctoral degrees and only 125 are full time professors.

The Bank loan will enable the University to expand its physical facilities sufficiently to relieve present crowded conditions, particularly in the architecture, engineering, natural sciences and agronomy faculties which are considered of major importance to continued national economic development, and to handle an anticipated enrollment of more than 25,000 students at the University by 1980.

The improvement of academic qualifications of the faculty is considered essential if the University is to add 672 full time professors to keep pace with expanded enrollment and create a 70-30 ratio of full time to part time teaching personnel by the end of the current decade.

Today's Loan was extended from the Bank's Fund for Special Operations for a term of 35 years at an interest rate of 1-1/4 per cent per annum. In addition, a service charge of 3/4 of 1 per cent will be charged on principal amounts outstanding.

- 3 -

Up to \$5 million of the loan will be provided in non-Panamanian currencies which are part of the Fund and the remaining \$1.9 million in balboas.

The loan will be repaid in 54 semiannual installments, the first of which will be due 8-1/2 years after the date of the loan contract. Principal and interest payments will be made proportionately in the currencies disbursed or, at the option of the borrower, in balboas.

The loan will be guaranteed by the Republic of Panama.

SUMMARY DATA

COUNTRY: Panama.

PROJECT: Expansion of university facilities.

BORROWER AND EXECUTING AGENCY: National University of Panama.

TOTAL COST: \$10,700,000.

BANK LOAN: Fund for Special Operations, \$6,900,000 (\$5 million in non-Panamanian currency and \$1.9 million in balboas).

OTHER FINANCING: \$3.8 million from the National University of Panama.

PROJECT DESCRIPTION: Funding of scholarships for postgraduate study abroad by 110 faculty members; improvement in personnel management, academic and physical planning, and financial budgeting, management and control; expansion of physical facilities at four university faculties.

GOODS AND SERVICES: Financing of faculty scholarship program, contracting of consultants to work with University Planning Office and purchase of laboratory and teaching equipment, furniture, books and publications.

PROCUREMENT PROCEDURES: International public bidding among member countries of the Bank on imported equipment covered by foreign exchange and national public bidding on domestic equipment and services.

ESTIMATED COMPLETION DATE: 1976.

July 5, 1972



INTER-AMERICAN DEVELOPMENT BANK

808 17th. ST. N.W. WASHINGTON, D.C. 20577 TELEPHONE, EX 3-4171



April 22, 1971
MK-18/71

FOR IMMEDIATE RELEASE

BANK LENDS \$1.4 MILLION TO PANAMA FOR STUDENT AID PROGRAM

The Inter-American Bank today approved a loan equivalent to \$1.4 million to the Republic of Panama to help provide financial aid to university and technical school students.

The loan will be used to help continue a previous student aid program which was partially financed with a 1966 Bank loan of \$700,000. The new program will be carried out by the Instituto para la Formación y Aprovechamiento de los Recursos Humanos (IFARHU), an autonomous agency which administers public funds devoted to scholarships and other educational and vocational activities for Panamanian students.

Under the program the IFARHU will extend low-interest, medium-term loans to university and postgraduate students, teachers and high school graduates to enable them to complete their academic or vocational training abroad or in Panama, particularly in fields which will contribute to the nation's economic and social development. Priority will be given to the financing of studies primarily in such fields as industrial engineering, teaching, accounting and financial management.

Total cost of the program is estimated at \$2.1 million, of which the Bank's loan will provide 66.7 per cent and local sources the remaining 33.3 per cent.

Specifically, credits will be provided for post-graduate studies for college graduates and university professors; complete undergraduate studies for high school graduates; continuation of university studies for students who have completed 40 per cent of the courses required for graduation, and up to three years of advanced technical training for secondary vocational school graduates.

For program purposes, studies abroad will be financed only if the required courses are not offered in Panama or if local educational facilities or curricula are inadequate. All such studies financed under the program will be undertaken in the Bank's member countries.

In addition, up to \$104,000 of the Bank's loan will help finance technical assistance services to strengthen IFAPHU's program planning, personnel training and financial management activities.

In recent years Panama's rapidly growing industrial, construction and commercial sectors have greatly increased the need for technical university graduates and skilled workers in professional and semi-professional fields. The projected demand for university trained professionals during the 1969-75 period, for example, is estimated at 1,800. The Bank-supported program, which is expected to aid about 530 students during the next four years, will cover about one-third of this deficit.

Today's loan was extended from the Bank's Fund for Special Operations for a term of 20 years at an interest rate of 2-1/4 per cent annually. In addition, a service charge of 3/4 of 1 per cent will be charged on principal amounts outstanding. Up to \$1,160,000 will be disbursed in dollars or in other non-Panamanian currencies which form part of the Fund, and the remaining \$240,000 will be disbursed in balboas.

-3-

The loan will be repaid in 32 semiannual installments, the first of which will be due 4-1/2 years after the date of the loan contract. Principal and interest payments may be made in balboas or, at the option of the borrower, proportionately in the currencies lent.



INTER-AMERICAN DEVELOPMENT BANK

808 17th. ST. N.W. WASHINGTON, D.C. 20577 TELEPHONE EX 3-4171

NEWS RELEASE

April 22, 1971
NR-17/71

FOR IMMEDIATE RELEASE

INTER-AMERICAN BANK LENDS \$16 MILLION FOR ROADS PROGRAM IN PANAMA

The Inter-American Bank today approved a loan equivalent to \$16 million to the Republic of Panama to help build and improve feeder roads in the central and western regions of the country.

The feeder road program, which will be carried out by the Ministry of Public Works, calls for the construction and improvement of seven roads with a combined length of 136 miles. A total of 61 miles of the roads are located in the Province of Veraguas, 59 miles in the Province of Chiriquí, and 16 miles in the Province of Coclé.

The roads will be located in potentially rich agricultural areas now served by dry-weather dirt roads which are impassable during the rainy season. The new roads will contribute to increased farm and livestock output by providing these areas with all-weather access to market centers and as a result lowering transportation costs.

The program, which will benefit an estimated 80,000 persons, or 12 per cent of the country's rural population, specifically calls for the construction of small bridges, terracing, drainage works and surface paving.

In addition, up to \$38,000 of the Bank's loan will be used to contract one transportation economist to help complete economic feasibility studies for the program, and two highway maintenance specialists to help the Ministry of Public Works introduce a new system of maintenance for Panama's entire road network.

-2-

Total cost of the program is estimated at \$23,264,000, of which the Bank's loan will provide 68.8 per cent and local sources the remaining 31.2 per cent.

In 1966 the Bank helped launch a previous feeder road program in Panama by authorizing a loan for \$3.5 million. That program, now nearing completion, included the construction and improvement of 16 roads with a total length of 123 miles.

Today's loan was extended from the Bank's Fund for Spécial Operations for a term of 20 years at an interest rate of 3-1/4 per cent annually. In addition, a service charge of 3/4 of 1 per cent will be charged on principal amounts outstanding. Up to \$11,218,000 will be disbursed in dollars or in other non-Panamanian currencies which are part of the Fund, and the remaining \$4,782,000 will be disbursed in balboas.

The loan will be repaid in 34 semiannual installments, the first of which will be due 3-1/2 years after the date of the loan contract. Principal and interest payments may be made in balboas or, at the option of the borrower, proportionately in the currencies lent.

71/5339



INTER-AMERICAN DEVELOPMENT BANK

808 17th. ST. N.W. WASHINGTON, D.C. 20577 TELEPHONE, EX 3-4171

August 6, 1970
NR-32/70

FOR IMMEDIATE RELEASE

BANK LENDS \$1.7 MILLION TO ESTABLISH PREINVESTMENT FUND IN PANAMA

The Inter-American Bank today announced the approval of a loan extended to the Republic of Panama for the equivalent of \$1.7 million to finance the establishment of a Preinvestment Fund.

The Bank's loan, together with \$730,000 provided by the Panamanian Government to establish the Fund, will be maintained and disbursed through a special account in the Banco Nacional de Panamá, the Fund's financial agent. The Bank's contribution amounts to 70 per cent of the Fund's initial financing.

Established with an initial \$2.4 million, the Fund will make reimbursable subloans to carry out preinvestment studies for public and private entities in Panama.

Up to 30 per cent of the Fund's initial resources may be used to finance general studies of a regional or sectoral nature, with the principal aim of establishing national development priorities for Panama. The balance of the resources will be used to finance studies of specific high priority development projects.

Not less than 20 per cent of the Fund's resources will be used to finance studies for development in the private sector.

The Panamanian Planning Office has prepared a National Development Strategy, which outlines development goals for the country as well as; a Program of Public Investment. The projects included in the anticipated investment program require substantial investments, but many of them suffer from a lack of feasibility studies. It is anticipated that the establishment of the national Preinvestment Fund will correct this situation and provide Panama with a continuing mechanism for undertaking development studies. These studies, in turn, will be detailed enough to be used as the basis for project financing requests before domestic and international lending entities.

Today's loan was extended from the Fund for Special Operations for a term of 15 years at an interest rate of $3\frac{1}{4}$ per cent annually.

In addition, a service charge of $\frac{3}{4}$ of one per cent will be charged on principal amounts outstanding. Up to the equivalent of \$1,280,000 will be extended in dollars or other non-Panamanian currencies which are part of the Fund. The remaining \$420,000 will be disbursed in balboas.

The loan will be repaid in 24 equal semiannual installments, the first of which will be due $3\frac{1}{2}$ years after the date of the loan contract.



INTER-AMERICAN DEVELOPMENT BANK

808 17th. ST. N.W. WASHINGTON, D.C. 20577 TELEPHONE, EX 3-4171

December 11, 1969
NR-64/69

FOR IMMEDIATE RELEASE

INTER-AMERICAN BANK LENDS \$3.4 MILLION FOR VOCATIONAL EDUCATION IN PANAMA

The Inter-American Bank today approved a loan equivalent to \$3.4 million to help Panama improve and expand its public vocational education system at the secondary level.

The program will provide facilities to nearly double Panama's public vocational school capacity by 1973 to about 9,000 students through a program of school construction and expansion throughout the country. It will also improve teacher training services and curriculum in areas geared to the nation's development needs and will strengthen the operational efficiency of the vocational education system.

The borrower is the Republic of Panama. The Bureau of Vocational Education and the Bureau of School Construction and Maintenance--both agencies of the Ministry of Education--will carry out the program at an estimated total cost of \$6,330,000. The Bank's loan will cover 53.7 per cent of this sum, and local resources will supply the remaining 46.3 per cent.

The program represents the first phase of a 15-year education improvement plan, affecting all levels of public education, which was adopted by the Government of Panama in 1969. It calls for a total investment of about \$237 million, of which some 25 per cent will be devoted to the vocational system.

Under the first phase, three industrial arts schools located in La Chorrera, Los Santos and Colón and a merchant marine school in Panama City will be built; three vocational schools in Antón, David and Panama City will be expanded, and teaching and laboratory materials, shop equipment and textbooks will be provided for four other schools in Divisa and Panama City.

The new schools will offer training at the secondary level to some 4,400 additional vocational students, and the expanded facilities, which now handle some 1,300 students, will increase their shop capacities by about 40 per cent.

In addition, up to \$375,000 of the loan will be used to help carry out a broad technical assistance portion of the program. Consultants will be hired to help the Bureau of Vocational Education strengthen its administration, to develop faculty training and improvement courses, to develop and teach new courses at the merchant marine and vocational schools, and to assist the Ministry in restructuring the present cycle system used in the schools.

Panama's urban population--about 41 per cent of the nation's total in 1950--is expected to grow to about 58 per cent of that total by 1980. This growth trend requires expanded industrial activities and, consequently, increased needs for skilled labor.

Recent estimates project a need for 15,000 additional skilled workers by 1970. However, without the expansion program, Panama's public and private vocational schools will be able to supply only some 6,700.

The vocational schools program thus will cover a substantial part of this shortage by providing training for some 4,400 additional students in such fields as industry, agriculture, maritime activities, home-economics and commerce.

Today's loan was extended from the Bank's Fund for Special Operations for a term of 25 years at an interest rate of $2\frac{1}{4}$ per cent annually. In addition, a service charge of $\frac{3}{4}$ of 1 per cent will be charged on principal amounts outstanding. Up to \$3,060,000 of the loan will be disbursed in dollars or other non-Panamanian currencies which are part of the Fund, and the remaining \$340,000 will be disbursed in balboas.

The loan will be repaid in 43 equal semiannual installments, the first of which will be due four years after the date of the loan contract. Principal and interest payments will be made in balboas or, at the option of the borrower, proportionately in the currencies disbursed.



INTER-AMERICAN DEVELOPMENT BANK

808 17th. ST. N.W. WASHINGTON, D.C. 20577 TELEPHONE, EX 3-4171



November 26, 1969
NR-58/69

FOR IMMEDIATE RELEASE

BANK FOSTERS AGRICULTURAL DEVELOPMENT IN PANAMA WITH \$6.4 MILLION LOAN

The Inter-American Development Bank today announced the approval of two loans totaling \$6.4 million to help improve farm and livestock production and expand grain marketing facilities in Panama.

They were extended to the Instituto de Fomento Económico (IFE), the governmental agency in charge of carrying out Panama's agricultural development plans.

Proceeds of the loans will be used to help finance the first stage of a credit program for small- and medium-scale farmers and ranchers throughout the country, and to expand IFE's storage and marketing facilities for such basic grains as rice, corn and beans.

Total cost of the first-stage project is estimated at \$12.7 million, of which the Bank loans will provide 50.3 per cent, IFE 28 per cent, and the beneficiaries the remaining 21.7 per cent.

Under the program, credits will be extended to about 2,200 small-scale and 800 medium-scale producers over a four-year period to finance the purchase of farm and ranch machinery, pure-bred beef and dairy cattle, hogs and poultry; the preparation of lands, and fixed improvements on farms producing rice, corn, beans, vegetables, tomatoes, and oil-yielding seeds. The amounts of credits will range from \$10,000 to \$25,000 for individual borrowers and up to \$100,000 for agricultural cooperatives.

Some \$630,000 of the loans will be used by IFE to enlarge existing marketing facilities or build new ones in order to increase its storage capacity for grains from 13,000 to 20,000 metric tons. These works will also contribute to the agency's national program on price supports and production controls.

In addition, up to \$593,000 of the loans will be used to provide technical assistance to help IFE carry out production cost studies for basic grains; determine the location and design of new storage facilities; expand or remodel existing plants, and provide extension services to the program's beneficiaries.

Agricultural production accounts for 25 per cent of Panama's gross domestic product. In recent years, however, production in this sector has not expanded as rapidly as that of other sectors. This has been due largely to the lack of modern machinery and production techniques and the shortage of adequate storage facilities. Thus some 30 per cent of Panama's most important crop--rice--is lost because of this shortage.

In view of this situation, the Government of Panama has given high priority to agricultural development, allocating 17 per cent of its total public investment to this sector during the 1969-72 period.

Execution of the credit and marketing program is expected to lead to a 100 per cent increase in rice and corn productivity of the beneficiaries within 5 to 10 years, as well as that of other products. In addition, the income levels of farmers benefited is expected to rise by 20 per cent annually five years after the program has been initiated.

The Bank previously has helped finance agricultural credit programs in Panama with two loans to IFE totaling \$5.4 million.

The use of these resources so far have helped generate the provision of some 28,500 credits to low-income farmers and ranchers.

The two loans approved by the Bank today included:

-- \$3.3 million from the Fund for Special Operations for a term of 15 years at an interest rate of $2\frac{1}{4}$ per cent annually. In addition, a service charge of $\frac{3}{4}$ of 1 per cent will be charged on principal amounts outstanding. It will be repaid in 22 equal semiannual installments, the first of which will be due $4\frac{1}{2}$ years after the date of the loan contract. Up to the equivalent of \$2,155,000 of the loan will be disbursed in dollars or other non-Panamanian currencies which are part of the Fund. The remaining \$1,145,000 will be disbursed in balboas. Principal and interest payments will be made in balboas or, at the option of the borrower, proportionately in the currencies lent.

-- \$3.1 million, also from the Fund for Special Operations, for a term of 15 years at an interest rate of $3\frac{1}{4}$ per cent annually. In addition, a service charge of $\frac{3}{4}$ of 1 per cent will be charged on principal amounts outstanding. It will be repaid in 22 equal semiannual installments, the first of which will be due $4\frac{1}{2}$ years after the date of the loan contract. Up to the equivalent of \$2,324,000 of the loan will be disbursed in dollars or other non-Panamanian currencies which are part of the Fund. The remaining \$776,000 will be disbursed in balboas. Principal and interest payments will be made in balboas or, at the option of the borrower, proportionately in the currencies lent.

Both loans will be guaranteed by the Republic of Panama.

Mr. METCALFE. Mr. Tannenbaum.

Mr. TANNENBAUM. Just one comment.

In spite of the grievances Mr. Graham—and I know they are real—I am nevertheless very impressed with the freedom of access you appear to have directly to the Governor. I personally know of no other jurisdiction where a governor has made himself so freely available. I just wondered if you wanted to make a comment.

Mr. GRAHAM. Oh, yes, I sure do on that one. Not all the Governors we have had here in the Panama Canal were as accessible as General Parfitt. He beyond a doubt is a very, very exceptional governor.

The beauty of it is he talks man to man with your people and I think it makes for good labor relations, and has made for a much smoother understanding all the way around.

Mr. DRUMMOND. Mr. Tannenbaum, if I could expand on that, I would like to say that I only wish that that was the case at the lower level.

Mr. METCALFE. Thank you very much.

Mr. SHEPPARD. May I submit in writing a more extensive statement covering the information I brought out this morning?

Mr. METCALFE. Yes; we will appreciate it, and it will be so ordered unless there are objections.

Hearing none, it is so ordered.

[The above referred to information follows:]

AMERICAN FEDERATION OF TEACHERS, AFL-CIO
LOCAL NO. 29
(MEMBER OF CANAL ZONE CENTRAL LABOR UNION AND METAL TRADERS COUNCIL)

BOX 5123
BALBOA, CANAL ZONE

BOX 963
COCO SOLO, CANAL ZONE

April 14, 1977

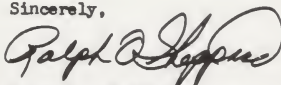
Representative Ralph Metcalfe
Chairman, Panama Canal Subcommittee
U.S. House of Representatives
Washington, D.C. 20515

Dear Sir:

As per your instructions during the hearings your Committee held here in the Canal Zone this week, I am enclosing a written statement covering oral testimony given to you on Wednesday, April 13th. I have included additional information which you requested that I obtain and forward to your office.

Please take necessary action to insure that the enclosed statement is made a part of the record of the hearings.

Sincerely,



Ralph O. Sheppard
President, Local 29, A.F.T.

AMERICAN FEDERATION OF TEACHERS, AFL-CIO
LOCAL NO. 29
(MEMBER OF CANAL ZONE CENTRAL LABOR UNION AND METAL TRADERS COUNCIL)

BOX 3123
BALBOA, CANAL ZONE

BOX 363
COCO SOLO, CANAL ZONE

THE EXPANDED STATEMENT OF LOCAL 29, AMERICAN FEDERATION OF TEACHERS, IN ACCORDANCE WITH THE UNANIMOUS PERMISSION OF THE PANAMA CANAL SUBCOMMITTEE AT HEARINGS HELD ON APRIL 13, 1977, TO BE INCLUDED IN THE RECORD OF SUBJECT HEARINGS

The Canal Zone Federation of Teachers, Local 29 of the American Federation of Teachers, wishes to thank the Chairman and the Committee for this opportunity to expand on oral testimony that was given before the Committee on April 13, 1977, by Ralph O. Sheppard.

1. The Teachers of the Canal Zone desire to insure that the quality of education in the Canal Zone remains at its present high level. However, there are several factors at the present time which have adversely affected the morale of the Teacher force. Among these are questions of job security, attempts to withhold raises which have been paid to other Teachers on the same pay base, lack of any transfer opportunities at present or in the future, the categorization of Teachers into an excluded group under Civil Service, and the future of the Canal Zone College.

2. The majority of Teachers who came to the Canal Zone did so for the purpose of a full career with the Canal Zone Government. At that time, jobs were also plentiful in the United States, but the individual Teachers elected in accordance with recruiting literature and promises from the Canal Zone to take a position here rather than in the United States. Although Teachers are selected on a fully qualified basis, they do not have to take a competitive examination and are thus placed in an excluded category of employees not eligible for transfer to any other branch of the Civil Service. Due to the inference of full career employment within the Canal Zone, this did not appear to be too important a point at that time. Today it looms as a prime factor - and in the event of a new treaty which does not provide for a continued school system at the present level in the Canal Zone, many teachers at advanced ages, top levels of competence, educational qualifications, etc., will be looking for positions in an already overcrowded job market in the teaching field. As you know, at this time, school boards in the United States are trying to cut down on expenditures and are not seeking Teachers with advanced degrees and years of experience!

3. Some possible methods of alleviation of these problems are as follows:

(a) Your assistance is being sought through legislative or administrative actions

to remove the Teachers from an excluded category and to make them eligible for other Civil Service positions for which they may be qualified. (b) Provide for lateral transfer into other U.S. Government educational programs, such as Health, Education and Welfare, the U.S. Trust schools, Bureau of Indian Affairs, and Department of Defense schools - with credit for all Federal employment or other educational experience. In case of a reduction in force in the Canal Zone, we request that a "stopper list" be established - which means that Canal Zone Teachers on that list be hired prior to recruitment of new personnel from outside the Federal system. (c) Take actions to insure that Teachers who remain in the Canal Zone if a new treaty is signed are maintained on a pay base equal to that which they now have, even though another entity should acquire the responsibility for operation of the schools here. With the exception of Teachers, Police and Firemen, all other employees have been assured of this protection. (d) Insure that the Canal Zone College will continue to function in providing higher educational facilities to U.S. Department of Defense and Canal Zone employees and others who presently utilize this educational advantage. (e) In case of an adverse decision by the Comptroller General on the retroactive pay situation now being considered, we request assistance in obtaining legislation to prevent recurrence of this unfair loss of pay. (f) Assistance is asked to insure that realistic good faith consultations are made available to the Teachers until a collective bargaining procedure is adopted by the Canal Zone Government. In 1974, an additional ten days per year without additional compensation were imposed upon the Canal Zone Teachers. This was done in spite of an agreement between the Schools Division and the two U.S. Teacher Unions that if the Union members did not ratify the agreement, it would be null and void. One of the Unions did not ratify - however, the school year was lengthened anyhow. At that time, the Schools Division representative used as a portion of his argument for the action that the Washington D.C. school year was going to be lengthened and that we would be doing this only a short period of time ahead of them. When the Washington D.C. school year was not lengthened, our Union requested consultation on August 14, 1975. The Governor replied on September 8, 1975, that when a new contract between the Teachers Union and the District of Columbia Board of Education was approved, consultations between the local Unions and the Canal Zone school officials would take place. The D.C. contract has been ratified. After considerable delay, the Teachers met with the Superintendent of Schools - only to receive a flat NO on any approach toward comparability between the Washington D.C. school year, hours, or pay per hours for the Canal Zone Teachers. The only concession made by the Superintendent after being advised that we would have to press further was to suggest that we submit a package for study. His stand on no adjustment of days, hours, or minutes leaves a high feeling that the preparation of

this package will be just another act of futility on our part. However, a package will be prepared and forwarded to the Superintendent. (Copy of Governor Parfitt's letter is appended). We again draw your attention to the fact that the Governor apparently recognizes our problems, but is frustrated at the lower levels.

4. The Chairman queried me as to how well prepared were the students from the Latin American Schools for college entrance. I have obtained the following information from the Assistant Superintendent of Schools (Latin American Schools).

The Latin American Schools have four tracks for their students - only one being for college preparation.

Year	Total number graduated	Known number of students attending college
1971	200	61
1972	193	49
1973	163	38
1974	No data	
1975	105	29

Students presently enrolled in college prep courses:	Grade 9	24 students
	10	27 "
	11	33 "
	12	29 "

I have no personal knowledge of how well prepared each individual student is. However, the majority of their Teachers have been examined by an evaluation committee and have been found qualified to teach U.S. students. I should certainly be entitled to assume that their prior instruction has been of a high caliber so that their students would be able to function well in relationship to national norms.

In discussions held with members of the Latin American Communities, some parents with children in other than college prep courses are showing considerable alarm at the possibility that these students will not be able to finish their high school courses in the track system in which they are presently involved.

I also reiterate my strong position that U.S. citizen children should have U.S. citizen Teachers in all situations where they are taught such things as history, civics, patriotism, American culture, customs and traditions, and all-around appreciation of the American way of life! Although it may be true that the majority of non-U.S. citizen Teachers would not attempt to indoctrinate or influence students with other philosophies, we do not believe we can afford to take any chances with children in the formative stage. Opposition to instruction of U.S. students by foreign nationals is clearly stated in laws applying to Department of Defense schools.

The Canal Zone Federation of Teachers is in agreement with the position stated by AFGE 14 on the necessity for obtaining retirement credit for previous teaching experience in public schools - in accordance with the method that this benefit is available to the Teachers in the Washington, D.C., school system.



CANAL ZONE GOVERNMENT
BALBOA HEIGHTS, CANAL ZONE
OFFICE OF THE GOVERNOR

SEP 8 1975

Mr. Kenneth H. Hannah, President
American Federation of Teachers,
AFL-CIO
Local No. 29
Box 263
Coco Solo, C.Z.

Dear Mr. Hannah:

This is in reply to your letter of August 14, 1975, in which you address the issues of the length of the school day and year and sick leave.

My predecessor, Governor Parker, approved the proposal submitted to him in September 1973, which was the result of consultations between the teachers' unions and the Division of Schools officers. An important part of the agreement states:

" . . . any change in any of the leave policies, school year, or school day in the District of Columbia will result in further consultations between the Administration and the Unions toward the end of maintaining and increasing reasonable comparability."

I am informed that the current situation in the District of Columbia, particularly in relation to the length of the teachers' work day, is very unsettled. When a new contract between the teacher union and the District Board of Education is approved, consultations between the local unions and the Canal Zone school officials will take place.

Sincerely yours,

H. R. Parfitt

H. R. Parfitt
Governor

Mr. METCALFE. The next group will be the Panama Canal Atlantic Side Dock Workers' Union. Mr. Anderson will interpret for Mr. Delgado, who is the General Secretary of the Union.

**STATEMENT OF MR. JOSE L. DELGADO, GENERAL SECRETARY,
PANAMA CANAL ATLANTIC SIDE DOCK WORKER'S UNION, AC-
COMPANIED BY FRENANDO WILLIAMS AND LUIS ANDERSON**

Mr. DELGADO. Dear Sirs Mr. Chairman, it is my pleasure to present Mr. Luis Anderson, who is going to be acting as interpreter for my presentation. The Panama Canal Zone Dock Workers' Union, in its constant concern over any issues which might unfavorably affect the interests and welfare of the Cristobal and Balboa Dock Workers, hereby submits to your committee the following inquiries in the hope of obtaining a satisfactory explanation.

At the signing and implementation of a new treaty between Panama and the United States over the Canal and its zone what responsibilities will the U.S. Government assume with regard to the economic, social and labor interests of Panamanian and non-U.S. workers in-service and retired employees?

Who will administer the Cristobal and Balboa docks under a new treaty and what will be the status of their current employees?

What is the reason behind the proposed new job grading standards for local manual workers which will adversely affect dock workers by downgrading their classification of MG—7 Stevedores to MG-2 and MG-3 Laborers and Stevedore Workers. Does this stem from current negotiations for a new Canal treaty?

We wish to express our apology for not preparing properly due to the fact he received late notification about the meeting today. I wish to elaborate on the three points presented. Following the analysis we have made of the 15 points presented we all know of, they are a matter of concern to us because amongst them there is not clearly defined the content of three specific points. The first is point 7, then points 12 and 14.

Number 7 refers specifically to the Social Security System of Panama. We find it is not clearly defined as to what will happen to those workers of less than five years experience who will compulsorily pass to the Panama system. We understand that all of us pay a premium for health and hospitalization insurance. What will become of the moneys that the workers have paid when they go under the Social Security System of Panama?

On Point 12, in reference to the conditions of employment of non-U.S. citizens that will have to abide by the labor code of Panama, in relationship to employment.

Number 14 that relates itself to dealings with unions that should be recognized based on the Order 11491, and its amendments. These points conflict in that one addresses itself to conditions of work and one addresses itself to labor unions and they imply that there might be two types of administration, whereas we know that under the Labor Code of Panama, both aspects are taken into account. That is in reference to the first part of my basic statement.

The second point we brought here because we understand that we work in a place that other than just serve, a good service to the

Panama Canal Company and the United States Army, the relationship to the handling of materials and other cargo, it is also developed into commercial-type work. Therefore, we believe that under these conditions that we under a new treaty will be left aside or excluded as far as addresses the present Panama Canal treaty. In view of this it is our concern and we request you to classify these different aspects.

The third point we refer to is something that was given to us several months back. It was proposed to change the grade levels of certain workers of certain divisions that included ours and that it would have a most regressive effect on the rights already acquired not only by the dock workers but by the other workers in the Zone as well. Apparently they must be withdrawn by what we consider them to be, not prudent.

Mr. METCALFE. Could you speak a little louder so they can hear in the back of the room, please?

Thank you very much, Mr. Delgado.

May I make a statement that we are mindful of your questions on worker status under a new treaty, but at this time we cannot answer them—I think you understand—because the treaty negotiations are ongoing.

We will be mindful of all of the points that you raise with regard to the 15 points of agreement issued by Governor Parfitt. We will be mindful of that.

Mr. Delgado, could you submit a list to the subcommittee of the manner in which the new job grading standards affect your membership?

Mr. DELGADO. These standards are now in the proposed stage and I do not have a listing now but could make it available later.

Mr. METCALFE. Very good. I have specific reference to your letter to me of April 6, Roman Numeral 3. That is what we are asking for. You will submit that then? Good.

Mr. METCALFE. The Chair now recognizes Mr. Modglin.

Mr. MODGLIN. Mr. Delgado, you made reference to the question of the disposition of docks and piers under the new treaty. I take it the main concern of your organization is that benefits and protection that you now enjoy would, regardless of the status of those docks, be continued under a new treaty?

Mr. DELGADO. That's a part of it. The other part is that the new treaty—the administration is going to change under a new treaty.

Mr. WILLIAMS. In other words, what he means to say is in case a new treaty was to come into effect, what would become of all the dock workers if another party takes over?

Mr. MODGLIN. One further question, Mr. Chairman.

Your union is not affiliated with the AFL-CIO?

Mr. WILLIAMS. No.

Mr. MODGLIN. How then do you intend to make your voice known with respect to what happens in treaty negotiations?

Mr. DELGADO. This is something that is free. We are affiliated to the Confederation of Workers of the Republic of Panama, which is the one to which we are affiliated and has ties with the AFL-CIO.

Mr. WILLIAMS. In other words, what we mean to say, sir, is right now we are 2 unions in the territory of Panama, that where ours is,

11th Street, in other words, whatever goes on on the Panama side, we got to know what is going on because we are part of the body.

We work for the Canal Zone, and also we are a group on both sides. Whatever we have of a union on the Panamanian side, whatever goes on, we've got to be a part of the body. We are working on the Canal Zone side, so we have to know what's going on here on this side. In other words, if they have a meeting here in Balboa, Mr. Simoneau, he will give us a call and invite us, so everything that goes on we are up to date with.

Mr. MODGLIN. Are you familiar with the provisions of the recommendations of the AFL-CIO, and do you subscribe to and do you agree with those recommendations?

Mr. DELGADO. I am not aware of those.

Mr. WILLIAMS. What we are looking for is equal rights. In other words, we are looking for betterment of our people. We are not looking for lower costs of living. The cost of living is going up and when it goes up, the people are looking to make more money. In other words, the dock workers, like, they go to work. When there are ships, we work. When there are no ships, we don't work. We don't get paid. We work according to the basics of the ship. If the ship comes to the port, we make money. When ships don't come to the port, we make nothing.

In other words nobody guarantees us nothing. When you work you get paid. When you don't work you have nothing.

Mr. METCALFE. Thank you. Mr. Nonnenmacher.

Mr. NONNENMACHER. Mr. Delgado—if you could answer for him—I understand you have affiliation with a Confederation of Panamanian Unions or a group under some name like that.

I would like to ask the specific question, is there a Panamanian dock workers union?

Mr. DELGADO. Yes. We have two.

Mr. NONNENMACHER. Could you give us an idea of their size compared with your membership which I understand is about 370 members?

Mr. DELGADO. There are two unions, and they have approximately 115 members each.

Mr. NONNENMACHER. Inasmuch as the Canal Zone has the chief dock facilities, I was interested in that answer. That is the answer I sought.

Thank you very much.

Mr. METCALFE. If there are no further questions, thank you very much, Mr. Delgado, for your presentation.

You may be excused.

I would like to keep the commitment made to Mr. Anderson, so if the other gentlemen will absent themselves from the table I will now give you five minutes, Mr. Anderson, to represent yourself, and speak as president of Local 907 of the American Federation of State, County and Municipal Employees.

Mr. Anderson, if you will speak up a little bit louder so the people in the back of the room will hear you.

**STATEMENT OF MR. LUIS ANDERSON, PRESIDENT, LOCAL 907,
ARMED FORCES EMPLOYEES UNION**

Mr. ANDERSON. My name is Luis Anderson. I am president of Local 907, Armed Forces Employees Union, AFSCME AFL-CIO.

Sir, you have a letter that I wished to present to you.

Due to the fact I was not invited to make a presentation at this meeting, I want to express my thanks for giving me the opportunity to read this letter and bring out points that are a matter of concern to our union.

I will be happy to answer any questions that you deem appropriate.

In view of the fact that Local 907, Armed Forces Employees Union, AFSCME, AFL-CIO, representing over 2,000 employees of DOD agencies in the Canal Zone, was not invited by the administration of the Panama Canal Company-Government, to participate or make a presentation in the meeting with you and your distinguished colleagues, we use this medium to set forth our views on those subjects that we believe should be brought to the attention of the subcommittee you so ably chair.

It has been a matter of great concern to our union and to all non-U.S. citizen employees of the different agencies of the Government of the United States that operate in the Canal Zone, the fact that a document made public by Governor Parfitt putting forth the position of the U. S. Government regarding securities sought for employees of the area under a new Canal treaty, is a forthright attempt to legalize injustices and discriminatory practices of the past, by creating different conditions of employment based on nationality.

Local 907 has fought many battles to gain and preserve equality for all workers of the area. It has been a slow and painful road, at which end we have not reached. We must, therefore, reject in the strongest terms possible any attempt to relegate non-U.S. citizen employees to a category of second-class workers under a new treaty, regressing as appears to be the intent, to a sophisticated version of the Gold and Silver Era. It must never be forgotten that as a group they have been loyal, dedicated, and have contributed, since the Construction era, in unmeasurable quantities to the Canal effort.

Consequently, we request that through the House Panama Canal Subcommittee, the U.S. House of Representatives be urged to maintain a position in defense of equality for all employees of the Panama Canal area under the forthcoming Panama Canal Treaty.

Two, Local 907 has protested the application of a cutoff point in the wage scale in the Panama Canal Zone since its inception. The flagrant violation of the intent of the Memorandum of Understanding of 1955 between the governments of Panama and the United States with regards to the creation of a single wage scale, has been magnified and accentuated by the inclusion of grades NM4 and NM5 in the Canal Zone Wage Scale on 4 July 1976.

Hundreds of employees in grades NMI through NM3 have toiled and sacrificed for many years in gaining the expertise and academic level that will permit them to fill the stringent requirements of the higher positions, only to find that through the application of the

archaic management philosophy contained in Public Law 85-550, their efforts were in vain.

Local 908 requests that action be initiated by the House Panama Canal Subcommittee to modify the regulatory provisions which provides for the above stated injustice, so that all employees in grades NMI through NM3 on 4 July 1976, be permitted to earn retained rates [U.S. Wage Scales] when promoted to grades NM4 and NM5.

Workers of private concerns in the Panama Canal Zone, concessionaires, contractors, commercial firms, et cetera, presently are subjected to conditions of employment that are an affront to the concept of social justice within a democratic structure.

The Panama Canal area that serves as a show place for United States ingenuity, engineering ability and prosperity, maintains over 1,000 Panamanian workers in a state of abject debasement as far as the basic labor benefits are concerned.

The non-application of U.S. or Panamanian labor laws provide for the exploitation of these workers by private employers whose only concern is fat profits. Further, it appears that the aforementioned is accomplished with the complacency and/or approval of the higher administration of the Canal Zone, who time after time have either become deaf or looked the other way, when this union has sought reprieves for that large group of workers. Benefits not afforded them include but are not limited to: 1. Annual leave; 2. sick leave; 3. retirement; 4. job stability; 5. right to unionize; 6. medical and life insurance; 7. severance pay; and 8. classification system.

We urge you to immediately initiate action to correct a long-standing injustice, so that these workers and their families can, by means of their daily toiling, live a decent and decorous existence.

Four. In July 1975, non-U.S. citizen workers of the Department of Defense Non-Appropriated Fund Instrumentalities in the Canal Zone were finally included in a Retirement and Health- Life Insurance Program. Minimum requirements for inclusion in these programs are so stringent that more than 80 percent of all Non-US NAFI employees are presently excluded from participation.

Local 907 has requested from all agencies involved that all employees of this group be placed under the Social Security System of the Republic of Panama with retroactive coverage that will permit the senior employees to obtain a decent retirement pension during their later years. Inclusion under Social Security would provide not only retirement benefits but would also include medical and dental services for the entire family, plus hospitalization.

In view that DOD agencies have started discussions with Social Security officials in the Republic of Panama, along the line delineated above, Local 907 requests the auspices of your office to speedily secure this much-needed development.

Mr. METCALFE. Thank you very much, Mr. Anderson. Let the record show your statement will be incorporated in the record of these hearings.

I would like to also clarify one thing. You indicated that you were not invited to these hearings by the Administration of the Panama Canal Company/Government. These hearings have been arranged in cooperation with the Panama Canal Company and the Subcom-

mittee on the Panama Canal so we both worked together to try to establish the agenda for these meetings and they of the Administration are not totally responsible for any omission, and we are as much a part of that omission as they are.

Mr. ANDERSON. And I would like to state for the record also that this is not the first time that something like this happened.

Mr. Modglin explained to me the mechanism that is used to invite the different unions. Local 907 is excluded from certain labor activities under the excuse that we only represent members in the Department of Defense. To a certain point this is a fallacy because DOD agencies in the Canal Zone usually follow suit on all labor-management issues. So probably you will be expounding on the causes that you know of advise and consent by excluding 907. By the time it gets down to our level it is already decided on the Panama Canal level.

So what I would like to see is the Department of Defense representative, their representatives be afforded the opportunity to participate in all labor discussions in the Canal Zone.

Mr. METCALFE. Mr. Anderson, I think that can very easily be corrected. There was no correspondence between your local and the committee heretofore and we will include you in any future hearings we may have. You may rest assured your voice will be heard.

Mr. Hillis.

Mr. HILLIS. No questions.

Mr. METCALFE. Mr. Nonnenmacher.

Mr. NONNENMACHER. I have no questions.

Mr. METCALFE. Mr. Tannenbaum. Thank you very kindly, Mr Anderson.

STATEMENTS OF JAMES J. O'DONNELL, PRESIDENT, AND DAVID BAGLIEN, LOCAL NUMBER FOURTEEN, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

Mr. O'DONNELL. Mr. Chairman, this is Mr. Dave Baglien, member of Local 14. I would like to bring out a few points before I start.

AFGE is composed of 90 percent U.S. citizens. We have about 800 members. We represent Army, Navy, Air Force and the Panama Canal.

One of the things that was brought out here earlier was the fact that maybe a change would take place and labor laws wouldn't apply. I would like you to know that AFGE is represented in Germany, Italy, Africa, Spain, Guam, Virgin Islands, Puerto Rico, Okinawa, as well as here, and I am sure other areas overseas.

Federal laws apply to these U.S. workers who work overseas so I don't envision any problem with AFGE functioning in this area if and when a change in the treaty takes place.

Someone mentioned the fact that these assurances did not apply to the armed forces. That is very true. I recognized that when they first came out. I sent a letter to General McAuliffe, the commanding general here in this area, bringing this to his attention, the fact that the 15 assurances, in an oversight, left out the fact that they only addressed themselves to Panama Canal employees. As of this date General McAuliffe hasn't answered this question. The chair-

man has asked who it should be who would address the problems of armed force civilians and the answer, in my opinion, is General McAuliffe because he is the one who speaks for all of the civilians here in the DOD departments.

Congressman Metcalfe, I would like to take this opportunity to welcome you and the members of your committee to the Canal Zone. I am James J. O'Donnell, President of Local 14, AFGE, the largest single United States citizen union in the Canal Zone. Your visit to the Canal Zone is very timely because the workers are deeply interested in having frank, in-depth discussions with members of Congress on problems which affect the Canal Zone work force.

Would you believe that we have been discussing treaty labor protections with United States Government officials like yourselves for 13 years? For example, in 1964, we were told that the administration was desirous of having frank and open discussions concerning organized labor's ideas for protecting employees if and when a treaty takes place. In 1967, we thoroughly discussed the proposed treaty concepts with our members, and later produced a paper on the types of labor protections that we would like to see in the treaty. We wanted this list of protections included as a labor annex which was part and parcel of the treaty. We were told in 1967 that this matter was considered urgent, and that higher officialdom would not lose sight of the very important consideration of fairness to all employees. Today, fully ten years later, nothing has yet been done, at least to our knowledge, to include labor protections in the treaty negotiations.

Under your former chairman, The Honorable Leonor K. Sullivan, your committee has visited the Canal Zone on many occasions for the express purpose of obtaining the views of employees. I believe it can be safely said that over the past ten years your committee has been more informed on the problems and aspirations of the Canal Zone workers than any other body. However, I believe it is still worth repeating that the apprehension that exists here today among our employees can be attributed almost solely to the absence of factual information and proper consultation pertaining to job security and to our future working and living conditions.

There is agreement among members of Congress, our Ambassadors, and other officials of the State and Defense Departments, including Mr. Cyrus Vance, that we have a right to know how a treaty will affect us, and that we should be consulted and kept informed. You can imagine our dismay when some of our union people talked to General Torrijos in February and he said that the U.S. negotiators had never yet mentioned the matter of employee rights under a new treaty.

It was only last month that we received a small indication that the administration was trying to do something to alleviate this situation when Governor Parfitt made public fifteen assurances concerning employee rights that would be asked for under the treaty. Local 14, AFGE, views these assurances in the same light that the treaty negotiators view the eight point Kissinger-Tack agreement. These assurances are simply a general base on which a great deal of work has still to be done in order to produce specific

and viable solutions to the many and complex problems to be resolved. For example, assurance number fifteen reads as follows:

"Recommendations, if appropriate, will be made to the Office of Management and Budget for legislative action found necessary to prevent an erosion of the general level of employee benefits and conditions of employment under any new treaty."

We are extremely interested in knowing when a committee of congress might hold hearings on any "appropriate legislation" that will be necessary to provide Canal Zone employees with labor protections.

Congressman Metcalfe, is there any reason why your committee cannot introduce a bill or resolution that would bring pressure for our labor protections to be included as a labor annex in the forthcoming treaty with Panama? Time may indeed be short. I have been informed that the United States negotiators for a new Panama Canal treaty reaffirmed to the Senate committee early this month that the Carter Administration fully expects to reach a new agreement with Panama by June of this year.

In view of the very limited time at our disposal, I respectfully request that your committee again review our labor protections position paper, and that you take steps towards securing these protections in the treaty as a labor annex. I have included a copy of the labor protection paper for your review.

[The following was submitted for the record:]

RECOMMENDATIONS OF THE AFL-CIO COMMITTEE
ON PANAMA CANAL TREATY NEGOTIATIONS
BETWEEN THE UNITED STATES AND THE REPUBLIC OF PANAMA

In recent weeks, representatives of the United States and the Republic of Panama have initiated discussions aimed at producing a new treaty governing the administration and operation of the Panama Canal.

This development underscores the need for the representatives of the two governments to extend serious considerations to the effects of a new treaty on employees now operating the Canal and its appertunances.

Citizens of both nations have made an invaluable contribution to the construction and continued operation of the Canal as a vital waterway serving world commerce. Large numbers have devoted their entire working careers to the successful functioning of the enterprise.

Whatever agreement emerges from the current binational discussions, the Panama Canal will continue to serve its essential function of transmitting ships of many nations from ocean to ocean. The work force necessary to accomplish this mission deserves the utmost consideration in any accord between the United States and the Republic of Panama.

For these reasons, the Committee has addressed itself to the conditions which should prevail for three groups of workers now engaged in Canal operations and related activities.

Employees whose jobs would be eliminated.

Employees who would continue to work for the reorganized Canal function.

Employees who choose not to work for the restructured Canal organization.

-1-

I. Benefits for Employees Whose Jobs Would be Eliminated.

A. Early Retirement.

1. Any employee of the Canal Zone Government/Panama Canal Company subject to Civil Service Retirement Law who becomes absolutely separated from employment for any reason other than misconduct or delinquency shall be considered as involuntarily separated within the meaning of the Civil Service Retirement Law and shall be eligible to retire with 15 years of service, regardless of age, with no loss in annuity or reduction because of age.
2. Extra credit of one year service for each five years total United States government service.
3. Provision for a minimum retirement benefit of 50% of salary at the time of retirement.
4. Coverage under this section for those who lose their jobs in changes made in anticipation of the treaty, as well as after treaty becomes effective.
5. The above benefits shall apply also to employees in the Zone who are similarly affected, but are not covered by the Civil Service Retirement Act. The cost of these benefits would be defrayed wholly by the employer.

B. Severance Pay and Unemployment Benefits.

1. Severance pay and other appropriate benefits will be provided to cushion the impact of separation.
2. Unemployment benefits for those employees laid off as a result of the treaty will be paid until such time as they obtain other employment. No minimum waiting period will be required and

-2-

maximum weekly benefits payable in the United States will be applicable.

3. Non United States citizens severance and unemployment benefits described above shall be made available to both United States and Panamanian citizens, the cost to be borne by the employer.

C. Placement Assistance.

1. The facilities of the administration and the Republic of Panama shall be used to the fullest extent to secure career employment for transferred employees, other than United States citizens, who after transfer to the administration are involuntarily separated at any time from the service.
2. The United States government will provide placement assistance in federal positions in the United States for which they may be qualified by experience and training those employees who are United States citizens and who are involuntarily separated at any time from employment because of the treaty.
3. Whenever a function of the administration is transferred to the private economy, the administration and the Republic of Panama shall make fair and equitable arrangements to protect the interests of all employees who presently perform such functions, including the transfer of the employees with the function under the same conditions of employment. The terms and conditions of such employment arrangements shall be specified in a written agreement between the administration and the Republic

-3-

- of Panama. Such arrangements shall include provisions necessary to protect individual employees against a worsening of their positions with respect to their employment and to assure compensation and benefits at levels not less than those applicable to such employees immediately prior to the effective date of the agreement, including provisions necessary to:
- (a) assure continued employment;
 - (b) preserve rights, privileges, and benefits (including continuation of pension rights, credits and benefits) under collective bargaining agreements, or otherwise, in effect on the effective date of the agreement;
 - (c) continue collective bargaining rights;
 - (d) provide paid training and retraining programs.

II. Protection for Those Employed by the Restructured Canal Administration

A. Employment Benefits and Protection.

1. Protection and benefits at least equivalent to those in effect just prior to the effective date of the treaty such as:
 - a. Overtime Pay.
 - b. Night Differential.
 - c. Reinstatement and Restoration of Individuals.
 - d. Injury and Death Compensation.
 - e. Uniforms and Protective Equipment.
 - f. Leave Time.
 - g. Free periodic transportation of employees personal vehicle.

-4-

- h. Travel and Transportation Benefits for Home Leave.
 - i. Group Health and Life Insurance
 - j. Repatriation of Employees Families personal effects and Household Goods.
 - k. Education Travel.
 - l. Transportation of the Remains of Deceased employees as well as their families, personal effects and household goods.
 - m. Transportation of the Remains of Deceased Dependents.
 - n. Witness Fees and Allowances.
 - o. Reduction in Force Procedures.
 - p. Grievance Procedures and Appeals.
 - q. Adverse Actions and Appeals.
 - r. Position Classification System and Appeals.
 - s. Veterans Preference Eligibility.
 - t. Holidays.
 - u. Incentive Awards Program.
 - v. Salary Savings.
 - w. Severance Pay Benefits.
 - x. Hazardous Duty Pay.
 - y. Social Security.
2. Provision of a waiting period of fifteen years after ratification prior to enforcement of the new treaty with regard to changes in the work force.
 3. Continuation of recognition of United States labor unions and United States labor standards.
 4. A guarantee that no employee will be reduced in compensation below that which he last received as an employee prior to the

effective date of the new treaty.

5. Application of an adequate tropical wage differential for United States citizens.
6. The application of wage increases received by United States government employees to the Canal administration.
7. Coverage by the United States Civil Service Commission Retirement Law so long as an employee continues with the Canal administration of United States government.
8. Provision for equal opportunity for both United States and Panamanian citizens to job openings and promotions.
9. Provision for salary increases to offset any net increase in the cost of living or other net financial disadvantages which such employees might otherwise suffer.
- B. The administration shall provide adequate community services for all its employees, to be maintained at the standards existing prior to the entry into force of the treaty, such as, but not limited to, housing, schools, medical, hospital and related services, as well as protective and security services or functions, such as police, fire, judicial and all other civil service benefits accumulated by the employees prior to the enactment of the treaty.

III. Benefits for those Who Elect not to continue Employment with the Canal Administration following Treaty Implementation.

A. Placement Assistance and Severance Pay.

1. Severance pay and placement assistance will be given these workers as if they had been involuntarily separated such as those workers in Category I.

B. Early Retirement.

1. The early retirement benefits provided workers in Category I will be provided to workers who elect not to continue employment with the Canal administration following treaty implementation.

- C. These rights will be retained as long as the employee continues with the Canal administration, and can be exercised at any time, including the period prior to the actual effective date of the treaty.

IV. Collective Bargaining

- A. The principle of collective bargaining between the employer and unions for employees they represent shall be recognized and maintained.

We recommend that the above benefits and protection be written into the treaty and that enactment of legislation by both Panama and the United States to carry out these provisions be made a part of the conditions for final ratification. The language of such legislative proposals should be developed prior to ratification, and should be available to the AFL-CIO Committee for examination and comment.

Mr. O'DONNELL. We had a second problem that I would like to have Mr. Baglien present to you.

Mr. BAGLIEN. Mr. Chairman and committee members, the AFGE would like to present a rather specific request for action on behalf of the Canal Zone teachers for a privilege that the District of Columbia teachers has had for over fifty years. It appears right now that positive executive action on behalf of the Canal Zone Government is not going to be forthcoming so we are requesting action from your committee.

The educational personnel in the District of Columbia are authorized under the provisions of Public Law 624 of August 7, 1946 to buy credit in the D. C. Retirement System for prior educational service to a maximum of ten years. This same procedure is also already available to educators in most of the fifty states. It is recommended by the Council of Chief State School Officers for adoption of all remaining states. Most educational personnel arrive in the Canal Zone with several years of prior service. Typically, they do not have at the time of retirement nearly as much service as other Panama Canal personnel. In view of the uncertainties now facing the Panama Canal future, I ask that educational personnel here be authorized to purchase credit toward retirement for prior service on the same basis as do educational personnel in the District of Columbia.

An Amendment to any appropriate piece of legislation might read, "Educational personnel in the Canal Zone are authorized to purchase credits for prior educational service towards U.S. Civil Service retirement on the same basis and under the same conditions as authorized for educational prsonnel in the District of Columbia by Public Law 624, August 7, 1946."

I would like you or your committee to introduce a bill or an amendment such as above suggested so the canal Zone educators might receive the same retirement benefits as their compatriots in the District of Columbia have had for the last 57 years.

Mr. METCALFE. I might respond to both you gentlemen by saying that we have had, we do have now a communication making that request. We are researching it. It is very complex. It is not as easily done as one would hope that it could be done because of the different rules and regulations, but certainly we are interested in it and we have not disregarded the statement that you have made, nor the request that you have.

Mr. O'Donnell, I notice on page two in your statement—are you suggesting labor protection legislation be introduced prior to congress dealing directly with the new treaty? The reason I raise that question is that the procedures as we have learned since we have been here are the negotiators want to agree to a set of principles and then they feel that everything will fall after that. But we are mindful of the fact that when and if there is a treaty that is going to be agreed upon, it will be at that point that congress will be looking at enabling legislation.

The Senate, of course, will have the right to ratify if they vote to do so. We have the right for the disposition of any land. There will be some legislative procedures.

We cannot, at this moment, proceed to draft legislation until we know that there is an intent on the part of both sides of the negotiation table. I think we ought to be clear on that.

Mr. O'DONNELL. Mr. Chairman, but the workers here have a great fear we are going to have a treaty and there will be no protections and that is why I proposed the resolution I gave to you.

Is there any reason, Mr. Chairman, that a resolution cannot be introduced into Congress that would say that if there is a treaty, local protections will be in the treaty?

Mr. METCALFE. No, there is not. As a matter of fact, I wanted to comment on that to say that the ruling I just mentioned I think does not apply to your particular request.

I think we can proceed to draft up this resolution.

Mr. O'DONNELL. It would be very helpful. In fact, in 1955 we had the Remon-Eisenhower treaty and if my memory serves me correctly, it was three years later that they had the implementing legislation. Between the time that the treaty becomes old and passed and three years later, according to what we read in the Panama press, there won't be much left here, so by the time Congress gets around—if we do the same as we did in 1955—why most of the people will be gone before they get to the legislation.

Mr. METCALFE. Mr. O'Donnell, you understand we have to know what's in the treaty. We do not now know, nor do the negotiators know, and once they sign the letter of intent that these will be the issues, we can then move with dispatch in terms of introducing enabling legislation.

Mr. O'DONNELL. Mr. Chairman, there is something else we have a fear of. For many years we have been asking officials to speak to us about labor protections and they all say generally what you have just said, which is, "Wait until we finish the treaty, then we will talk about labor protections."

Mr. METCALFE. There is a difference, Mr. O'Donnell. The difference is, we have to know when we are—what the resolution will be, what the enabling legislation needed here will be before we can draft it, and we won't know that until we get the word that there is an agreement—and this is prior to the official signing of the treaty agreements. But it is only after we know what points we have agreed on and plan to initial that we can act.

Do you care to comment on the difference between the labor annex written in 1971 and the assurances written by Governor Parfitt?

Mr. O'DONNELL. I tried to bring that out here in my first paragraph on the second page. It was very nice of General Parfitt to present that, we appreciate it. It was a step in the right direction, but it is a very small step and it is a tremendous amount of work that has to be done between that paper of 15 assurances and the labor protections we are desirous of.

Mr. METCALFE. Mr. Zeferetti.

Mr. ZEFERETTI. I have a short question. You talk about labor protections and yet some of the civic councils we heard testify yesterday, were concerned with human rights protection. One of the things I asked earlier, of one of the other gentlemen, was this, do you feel as strongly as some of the U.S. employees feel, about

keeping the present judicial system intact. Would you want the present law enforcement and criminal justice system as a whole, to stay in place while these negotiations go on and one treaty is in operation?

Mr. O'DONNELL. The only way I can answer that, Mr. Zeferetti, is—and I have taken a verbal survey; I also have one in writing right now; it is in process, to determine that point. If the employees are fully protected, will they be satisfied with those changes you just described? 75 percent of those—

Mr. ZEFERETTI. Excuse me. I am not advocating a change now. I am saying that people testified that they wanted everything to stay in place. If that was a condition for them leaving here, if in fact it was not in place, if they couldn't live within a different type of judicial system within the zone.

Mr. O'DONNELL. To answer that, then I would have to go back to George Meany's position, which is, if you don't protect the workers in the treaty, then we will have to oppose the treaty.

Mr. ZEFERETTI. Is this the reaction among your members? Are they saying that we are going to leave? "We will leave this place if we don't have that umbrella of protection."

Mr. O'DONNELL. Well, I can't answer that because I don't know. I don't know that answer.

Mr. ZEFRETTI. Thank you.

Mr. METCALFE. Mr. Hillis.

Mr. HILLIS. No questions.

Mr. METCALFE. Mr. Modglin.

Mr. MODGLIN. One question, Mr. Chairman. Mr. O'Donnell, were you satisfied with the labor protections that were contained in the 1967 draft treaty?

Mr. O'DONNELL. Absolutely one hundred percent.

Mr. METCALFE. Mr. Nonnenmacher.

Mr. NONNENMACHER. Mr. O'Donnell, I am a little confused by your inability to answer Congressman Zeferetti's question. Unless I misunderstood him, he is asking you whether or not your union people feel the same way as the Citizens Council presented it to us yesterday, that they could not work under a non-U.S. judicial system if the Republic of Panama took over.

And you mean to say you cannot answer that question about which these people, many of whom must belong to your union, feel so vehemently?

Mr. O'DONNELL. I have heard people say that. It has been said in my union quite a bit and I have heard other people say, "Listen, as long as we are protected, whether we have the treaty or not is not important."

I am saying I can't give you a definite answer that my union has a position either way, but I have heard it discussed to some extent on both sides. I tried to bring out a little earlier that 75 percent of those I surveyed, the most important thing to them was labor protection, not whether we had jurisdiction or not. It was labor protection.

Mr. ZEFERETTI. In other words, you are saying the union doesn't have a position on whether or not it could live under such jurisdiction.

Mr. O'DONNELL. Yes, sir.

Mr. NONNENMACHER. You then would not deny that there is this strong feeling among the people that they couldn't live——

Mr. O'DONNELL. Perfectly. Anybody would be blind if they couldn't see it or hear it here in the Canal Zone. They would be deaf if they couldn't hear it. It exists. People are talking about it constantly.

Mr. ZEFERETTI. The lack of a position of the union is a——

Mr. O'DONNELL. Yes.

Mr. ZEFERETTI. That's clear. You sat here through all of the hearing this morning and heard the general trend of questions we have posed, the answers and our commentaries in certain instances. Would you care to make any comments pertaining to any of the questions that we posed to previous witnesses?

Mr. O'DONNELL. I would like to mention one. Congressman Zeferetti presented the idea—the Panamanian Government has come out—you have been informed they have come out with the idea that the workers are against the 15 points that Governor Parfitt put out. I don't believe that is true. I believe that the employees are a little confused as to the vagueness of the 15 points, and we argue among ourselves as to what they mean, but I believe that all of the employees are very grateful for the 15 points because it is a start in the right direction, but it is not satisfactory but we are not condemning them in whole. We are trying to understand exactly what they do mean. As with any document, you have to sit down and discuss it in great detail to find out what those 15 points mean. In fact, in my union we spent most of the night trying to figure out what they did mean, but to some it was clear, to others it was not.

Mr. ZEFERETTI. Not to confuse the issue—we were told that they met with four separate unions and they discussed the assurances, and that the assurances were not in accord with what they wanted.

As a matter of fact, they said that they really turned them down. But I think most of the conversation they were discussing with us was relative to, I believe, non-U.S. citizen employees, and what was said to us was that at least the bureau of information was structured up—again. This is the communication that we have had, and I don't know that the testimony this morning indicates it to be true—that a bureau of information was structured up not only to talk about those assurances, but talk about ongoing treaty negotiations—okay—and I said at last they took care of that phase of it—shame on us that we didn't take care of our own U.S. citizens and have that network set up so we could give our people the same kind of information on negotiations which are going on, in order to speak. That is to clarify that point.

Thank you.

Mr. NONNENMACHER. One last question. Would you give us your own estimate of the likelihood of continued resignations from Canal Zone Government or Company or DOD positions? Will they continue as long as assurances are not discussed by the negotiators, labor problems are not discussed or employees remain unaware that they are being discussed?

Mr. O'DONNELL. Well, I believe that the Panama Canal Company, as well as the DOD agencies, as far as the United States citizens are

concerned, they have a critical problem because we are talking about a treaty coming; we are talking about lack of jurisdiction, lack of police, courts, etcetera. There is a tremendous amount of employees who are deciding that maybe it is time to leave this area and the publicity, the psychological effect upon the employees is very strong and they believe that the United States Government is not at this time interested in protecting them.

They feel they had better take care of themselves because the congress or the Government or the State Department is not, and I believe personally that the Governor is in one hell of a position. He is trying to say to the employees, "Stay here. We want to protect you, but I can't tell you about it because it is secret. You know, because negotiations are secret and we won't be able to bring all this information out until it becomes public knowledge."

In the meantime, the wife and husband say, "I can't wait that long." So starting here maybe a year ago, more people are starting to look elsewhere. The unions are asking—they start with the Board of Directors. I asked the Board of Directors of the Panama Canal Company to allow us to transfer back to the United States — help us transfer back, let us get on the DOD referral system. This would help us to leave here early, quicker. I believe it is happening.

It is something that is developing right now and if we hold off a treaty for five or six more years, I believe we will be able to see eventually the U.S. citizens reduced from maybe 4,000 employees down to 1,000. They are leaving here because they do not feel secure.

Mr. METCALFE. I think it ought to be pointed out that you have indicated in your discussions with members of your union as to what precisely the 15 assurances were. I interpreted it as meaning that the Governor was candid with you and wanted to allay your fears, but I also was of the opinion the Governor did not have any additional information that came to his attention that he could put in those assurances. The fact that the intent was there, I think, is in and of itself very significant and I think the Governor has to be applauded for being sensitive to this apprehension that exists not only in the Zone, but in Panama and with all of the groups involved.

Mr. O'DONNELL. I would like to amplify that by saying that I believe the Governor has been extremely fair, fair-minded and he is open-minded, but he has a problem. He has superiors.

Mr. METCALFE. Lack of information.

Mr. O'DONNELL. He just can't tell us everything he knows and there are some things he doesn't know.

Mr. METCALFE. I am disagreeing with you respectfully, Mr. O'Donnell. I am of the opinion the Governor is giving you all the information he does have. I am saying he doesn't withhold any information, that he just didn't have it available to him.

Mr. O'DONNELL. Congressman, I am going to get in deep water here, but I am going to say this: Governor Parker told me once in his office—let me repeat that again.

Governor Parfitt— Governor Parker, not Parfitt, Parker—told me in his office: "They have that much information," and he held up his hand for about two inches—"of labor protections and what

we think should be given to the employees, but we can't release it. We don't have any authority to do that."

Mr. METCALFE. They can't produce it because there is no agreement. Isn't that what Governor Parker—

Mr. O'DONNELL. The Governor had worked up material pertaining to our labor protection, but this is what they believed should be done.

Mr. METCALFE. I believe what should be done is the key point where there may be some differences in our analysis of it.

Thank you for yielding.

Mr. NONNENMACHER. What Governor Parker told you may well be what the company would like to do. But would the State Department insist on all that with Panama's negotiators?

You then would support to the fullest the testimony which the Governor gave us yesterday concerning this problem of resignations?

While it may not be critical at the moment, is it not definitely capable of becoming a crescendo of resignations, as time goes on and uncertainty remains?

Mr. O'DONNELL. It is happening right now and it is obvious this development is getting greater and I believe it is going to be even greater.

Mr. TANNENBAUM. One quick question, do you care to comment on the tri-level wage disparities for comparable positions as among the U.S. citizens-employees, the Panamanian employees, and the Panamanian citizens employed outside the Zone?

Mr. O'DONNELL. That is a big question. You know I guess the best way to answer that would be to say, "No, I don't care to answer that one because it is going to take an hour to tell you that answer. It will talk about the tax factor and the way we do things. It will talk about how we are structured but generally I would say this, that we are in favor of equality. We would like everybody to be treated equally.

Mr. TANNENBAUM. Specifically I am talking about the differential. If you took a teacher at a starting salary in each of the three categories, what would be the difference?

Mr. O'DONNELL. A teacher in the Canal Zone?

Mr. TANNENBAUM. A U.S. employee teaching in the Canal Zone, a Panamanian citizen teaching outside—

Mr. O'DONNELL. Since Dave is a teacher, he would be glad to tell you that answer.

Mr. BAGLIEN. Well, the only difference between the U.S. citizen and the Panamanian citizen teaching in the Canal Zone is a differential of 15 percent, whatever the salary is. The difference between either one of those and Panamanian teachers, and I've talked to a few who worked in College, vary from three hundred fifty a month to five hundred dollars. In a university possibly some a thousand, but there just is no comparison. Both the Panamanian teacher and U.S. teacher in the Canal Zone is making, I would say, two to three times as much as the typical Panamanian teacher.

Mr. TANNENBAUM. Would you know that to be similar for policemen?

Mr. BAGLIEN. I don't know about any of the other things, but it seems logical. The same maids that work in the Canal Zone at minimum wage work in Panama for sixty cents an hour, something like that.

Mr. TANNENBAUM. Sixty cents an hour against what?

Mr. BAGLIEN. \$2.20.

Mr. TANNENBAUM. And how about the benefits which were brought out earlier? Would the Zone employees have benefits comparable to——

Mr. BAGLIEN. Well, the Panamanian teachers, for example, have a really good retirement system. They retire unusually early. I don't know exactly how they manage to keep the fund from going broke, but they do have that in their favor more so than U.S. teachers, but otherwise, I suspect they are comparable.

Mr. METCALFE. Mr. Baglien, I would like to ask just one question. This differential between the Latin American teachers and the U.S. teachers that you alluded to, is that based upon qualification? Because we know in the American system all professors don't get the same salaries and all that. Or is it based upon their nationality?

Mr. BAGLIEN. It is based on nationality. It is based on the fact that the American teachers are——

Mr. METCALFE. I'm not talking about the differential. I am talking about the base pay, not including the 15 percent.

Mr. BAGLIEN. It is identical, position for position. In other words, an instructor with five years' service—that is the Panamanian as compared with an instructor with five years' service who is a U.S. citizen will receive the same pay except for the——

Mr. METCALFE. There is no discrimination. I want to make that clear. It is only in the differential.

Mr. BAGLIEN. That is right.

Mr. METCALFE. Thank you very much, gentlemen, for coming and testifying before us.

[Mr. O'Donnell submitted the following information for the record:]

American Federation of Government Employees
 Local No. 14
 P.O. Box 1703
 Balboa, Canal Zone
 April 13, 1977

Mr. Ralph H. Metcalfe
 Chairman Panama Canal Company Subcommittee
 Room 322 Cannon
 House Office Building
 Washington, D.C. 20515

Dear Mr. Metcalfe:

Educational personnel in the District of Columbia are authorized under the provisions of PL 624 of August 7, 1946, to buy credit in the D.C. retirement system for prior educational service to a maximum of ten years. This same procedure is also already available to educators in most of the 50 states, and is recommended by the Council of Chief State School Officers for adoption by all remaining states.

Most educational personnel arrive in the Canal Zone with several years prior service, and typically do not have at time of retirement nearly as much service as other Panama Canal personnel. In view of the uncertainties now facing the Panama Canal future, I ask that educational personnel here be authorized to purchase credit toward retirement for prior service on the same basis as do educational personnel in the District of Columbia.

An amendment to any appropriate piece of legislation might read:

"Educational personnel in the Canal Zone are authorized to purchase credit for prior educational service toward U.S. Civil Service Retirement on the same basis and under the same conditions as was authorized for educational personnel in the District of Columbia by PL 624 of August 7, 1946."

I would like you or your committee to introduce a bill or an amendment such as the above suggestion so that Canal Zone educators might receive the same retirement benefits as their compatriots in the District of Columbia.

Thank you for your time and your support.

Very sincerely yours,

James J. O'Donnell
 President

STATEMENT OF MR. J. R. WILLIAMS, PRESIDENT, PANAMA CANAL PILOTS ASSOCIATION, ACCOMPANIED BY CAPTAIN JOE MORRISSEY, VICE PRESIDENT, AND CAPTAIN R. D. VALENTINE, VICE PRESIDENT

Mr. METCALFE. The next group and perhaps the final group will be the Panama Canal Pilots Association, A.F. of L., headed by Mr. J. R. Williams, who is the president of the organization.

Mr. WILLIAMS. First of all, I would like to introduce two principal officers of our association, the vice president, Captain Joe Morrissey and second vice president, Captain R. D. Valentine, whom you know from previous tenure as president the year before last.

Two days ago, I furnished your subcommittee, through the offices of the Governor, a treaty position paper which I assume everyone has been given copies of. If you like, I can read that position paper.

Mr. METCALFE. Can you summarize it, and submit it for the record?

Mr. WILLIAMS. Certainly.

BACKGROUND: In 1973, the Canal Zone Code was modified to permit the hiring of qualified Panamanians as pilots. Well-qualified Panamanians were subsequently hired as Pilots-in-Training and their development as pilots has proven their professional capability to everyone's satisfaction.

Panama is clearly obligated to encourage her young men to embrace sea-going careers if they are to become full partners in the Canal Enterprise, as indeed they must.

The Panama Nautical School is a step in the right direction. Its graduates can go to sea, and as their experience grows, become command-qualified in a very few years and be eligible to become Panama Canal Pilots-in-Training.

The development of qualified Panamanians for future pilots along these lines, we endorse, and are committed to assist wherever possible.

THE PROBLEM: Meanwhile, we must concern ourselves with an orderly and harmonious transition period of key employees, which, in our case, means pilots, a group that is recognized as both the least dispensable and the most difficult to replace.

An exodus of pilots could cripple the Canal operation. This can and indeed must be avoided by encouraging presently employed pilots to remain.

There are several factors to consider. First, pilots were recruited to come here, by necessity, on a career basis, as contrasted to DOD personnel throughout the world, who are generally on a 5-year rotational stint. Also, there are few, if any, comparable piloting jobs elsewhere in the Federal service for pilots to be transferred. We are not, for all practical purposes, transferrable, as are other crafts and professions.

Therefore, a much greater necessity for consideration exists than was demonstrated in, for example, the transition effected in Okinawa. There is no comparison.

Panama Canal pilots of varying experience are being recruited in increasing numbers to return to the U.S. for employment as shipmasters and pilots for salaries in excess of \$60,000 per year.

Pilot salaries in the U.S., the amounts of which are secretively guarded, range far in excess of this figure. The Canal Enterprise must therefore meaningfully compete with this growing reality.

THE SOLUTION: In order to seriously address this problem of pilot retention, now, and particularly in the post-treaty era, the following minimal measures are proposed.

1) Optional, open-ended early Federal retirement for any Panama Canal pilot with 15 years accredited government service, with one year additional credit for each 5 years of service. This means full retirement, with no reduction of annuity because of age. [Due to the deleterious physical and emotional stresses, characteristic of piloting here, the useful period of service historically hovers at about 13 years. Further, since most pilots are hired in their forties, they will have reached a normal retirement age when eligible under this provision.]

2) A pilot who elected to retire may be rehired by the new agency that operated the Panama Canal, with no loss of retirement annuity. This would imply no obligation to hire him on the part of the new agency and he could acquire tenure only from the date of his rehiring.

3) Raising pilot compensation to "Maritime Industry Standard," as recognized in the United States, plus appropriate cost-of-living differential. Industry standard, as applied to pilots, is, and has traditionally been, shipmaster's pay of the largest vessels.

4) Implementation of an optional, alternative work schedule that would permit pilots to maintain their primary residence in the U.S. and commute 5 to 6 times per year to Panama to perform their share of the workload. Such a system compares with several piloting arrangements in the U.S. and elsewhere, and is presently under consideration by the Panama Canal Company.

5) Implementation of a collective bargaining process and a long-term contractual arrangement that would guarantee, in an atmosphere of mutual trust and harmony, the attainment and retention of the aforementioned goals that are necessary to preserve the vital piloting skills that the Canal will require.

SUPPORTING RATIONALE: Assuming that one of the objectives of a new Canal treaty is to insure an orderly and amicable transition from what is essentially a U.S. citizen pilot force to one that gives hiring preference to Panamanians, we consider the adoption of these proposed measures to be essential for the successful evolution of a harmonious and cooperative employee transition period. Failure to do so in what is essentially an environment of transition and drastic change, would undoubtedly result in enormous and bitter resentment followed by profligate resignation by pilots.

This era, by necessity, will require several years in order to conclude the goals set forth in the treaty provisions. Therefore, the rationale for arriving at the foregoing proposals was based upon dividing the pilot force into the following three broad categories:

1. Those with enough, or nearly enough service to retire.
2. Those with less than five years' service.
3. A middle group with more than five years but still a large amount of time before becoming eligible to retire.

For those in group number one it is felt that although they would have a retirement earned, it is probable that their age and their financial status would make it attractive that they continue working here rather than going back to sea or piloting elsewhere provided that an alternate work plan was available as an option and the pay was up to industry standards.

For those with less than five years' service it is believed that the combination of the optional work plan at a competitive pay scale, and the incentive of early retirement will compete favorably with the alternative of resigning and going back to sea, or piloting elsewhere.

For those in group three it is assumed that the incentive of a reasonably early retirement being attainable, combined with the addition of the optional work plan at a competitive salary will cause the majority to continue their employment.

RELATED OBSERVATION: Panama has stated that they have no objections to the inclusion of labor protections in a new treaty. Indeed, the 1967 treaty draft conceptualized much of what we are proposing.

We therefore believe that the U.S. Government may unilaterally adopt these measures, outside the treaty negotiating context, that will assure the efficient continuity of operations of the Panama Canal during an employee transition period that should and could be conducted in a dignified and cooperative atmosphere.

Mr. Chairman, in summary, my statement above discusses the background of hiring Panamanians as pilots, which is one of the provisions of the treaty as it has been explained to us and as is contained in the 15 assurances, that Panamanian citizens will be increasingly involved in the operation and employment of the waterway. It addresses the problem of retaining pilots now and in the post-treaty era on the basis of the fact treaty uncertainties notwithstanding, pilots are leaving their employment here in greater and greater numbers due to better opportunities elsewhere in the marine industry. It makes some specific proposals for the post-treaty era, none of which conflict with any other AFL-CIO provisions. In fact, some of them are merely identical adoptions of those AFL-CIO provisions.

And towards the end of the position paper it stresses the rationale for the necessity of this. In fact, the whole paper is focused on the problem of keeping enough pilots here now and even more particularly in a post-treaty era, and in an employee transition period as related to pilots which must take several years.

As far as treaty information is concerned, I attended the Governor's meeting when the 15 assurances were distributed to us, and he described them as he understood the meaning of them to be. So in my mind, at least, some things are already very clear insofar as this treaty is concerned. One of them is jurisdiction. It will change from the United States to Panama. That's very clear to everyone who attended there and listened.

It is also very clear that there is an eventual intention that Panamanians will occupy all the positions, or a growing number of positions, in the operation and the management of the Canal. Whether these provisions were contained in some memorandum of

understanding that has been publicized or in the Tack-Kissinger agreement, I don't know.

But our position paper is based on our perception of what this coming reality is, whether we like it or don't like it. We cannot tell the President of the United States he cannot conduct the treaty negotiations. He will do that whether we want him to or not. We feel we have a right to insist upon our interests being taken care of under such a treaty. But he conducts the treaty negotiations, himself, and makes the negotiations, and a set of foreign policy objectives that goes far beyond our immediate concern. It is something we have steered clear of or in commenting upon.

That is about it, Representative Metcalfe. Our solutions to various provisions are very specific, very clear, and very easy to understand. I encourage you and your committee members and staff to read them and reflect upon them and hopefully when the time is appropriate, as you have mentioned earlier, to act upon them.

Mr. METCALFE. Thank you very much, Mr. Williams. I am now going to ask unanimous consent that we be privileged to submit to you any additional questions that may not be asked of you at this particular time, and ask for any future comments. This applies to all the rest of the witnesses who have appeared before us. They will have the same privilege of doing the same thing, of submitting comments for the record. Without objection, it is so ordered.

[Mr. Williams submitted the following correspondence for the record:]

International Organization Masters,
Mates & Pilots, Inc.
Affiliated with
AFL-CIO
International Maritime Pilot Association



Reply to:
☒ P.O. Box 601
Balboa, Canal Zone
☐ Drawer 5005
Colon, C.Z.
Cable Address:
Canalpilot

Panama Canal Pilots Association

Captain J. R. Williams
President

April 11, 1977

Captain J. Farmer
Secretary

Representative Ralph H. Metcalfe
U. S. House of Representatives
Room 1334
Longworth House Office Building
Washington, D. C. 20515

Dear Representative Metcalfe:

The imminent likelihood of a new treaty governing the future of the Panama Canal is, and has been for several months, the paramount concern of most Panama Canal Pilots and their families.

The "Fifteen Assurances" notwithstanding, we are completely dismayed..and baffled..that comprehensive employee provisions are not under immediate consideration by the Dept. of the Army, the Treaty negotiators and the U. S. Congress.

Pilots are resigning at an unusually high rate; and, unless meaningful steps are taken soon, these resignations are likely to reach epidemic proportions, with a disastrous lowering of over-all Canal operating efficiency.

Further, pilots are, in all cases, resigning to accept better employment elsewhere, at locations in the Maritime Industry where pay and related benefits have outstripped what they received here.

We therefore urge your endorsement of the measures provided in our enclosed position paper that addresses the problems of retaining pilots in a post-Treaty era.

Your support for whatever legislation is required we would look upon as essential for bringing these very necessary goals into fruition.

Sincerely yours,


J. R. Williams

JRW/cf

Enclosure

cc Gov. Parfitt
AFL/CIO

International Organization Masters,
Mates & Pilots, Inc.
Affiliated with
AFL-CIO
International Maritime Pilot Association



Panama Canal Pilots Association

Reply to:

☒ P.O. Box 601
Balboa, Canal Zone
☐ Drawer 5005
Cristobal, C.Z.
Cable Address: Canalpilot

Captain J. R. Williams
President

Captain J. Farmer
Secretary

May 1, 1977

Representative Ralph H. Metcalfe
Room 2438
Rayburn House Office Building
Washington, D.C.

Dear Congressman Metcalfe:

As has been emphasized before, the keystone for all employee protections must be a specifically tailored, early retirement provision that assures an efficiently harmonious employee transition period and precludes a disruptively emotional reaction that a treaty announcement could produce.

In the enclosed statement, that elaborates on our previously suggested early retirement measure, can be found additional reasons that this single, most important, employee related issue should be positively dealt with as a legislative requirement to the Treaty itself, rather than risk the delay of subsequent attention.

Sincerely,


J. R. Williams

JRW/cf

Enc. Treaty Position Paper Statement
On Early Retirement

International Organization Masters,
Mates & Pilots, Inc.
Affiliated with
AFL-CIO
International Maritime Pilot Association



Reply to:

☒ P O Box 631
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Cristobal, C.Z.
Cable Address: Canalpilot

Panama Canal Pilots Association

Captain J. R. Williams
President

Captain J. Farmer
Secretary

TREATY POSITION PAPER STATEMENT

ON EARLY RETIREMENT

The announcement that heralds elimination of the Canal Zone as a political and social entity will trigger a traumatic reaction from a large percentage of employees and their families.

This reality cannot be overemphasized.

Canal Zone residents have truly believed that this is part of their country, in perpetuity, and all of the foreign policy imperatives (which most residents don't recognize) that might require the Canal Zone to be eliminated do not diminish their conviction one bit. Even though many residents say that they realize "a treaty is coming" (hopefully in the distant future), the change in jurisdiction will be received as an extremely bitter pill and a betrayal of their life-long career expectations. It will be the ultimate "Adverse Action." Very few, if any, canal employees consider themselves to be on a DOD type rotational stint in a foreign country or military post. (The Canal operation itself has required that most of its key employees be long-term career oriented.)

Some will quickly resign, regardless of compensatory benefits produced to retain their services. To prevent a major exodus that could cripple the Canal operation, however, we believe that the optional early retirement measure should be announced as part of the Treaty and administered in a carefully prescribed manner (as later suggested by this position paper) that will prevent a disastrous exodus of key employees.

By doing so, an emotionally impulsive reaction will hopefully be replaced with pragmatic thinking--governed by responsible and realistic self-interest.

Further, it would be that very necessary measure that minimizes bitter reaction and insures reasonable community stability during that period following the Treaty announcement and the transition period subsequent to ratification that could--and should--be conducted in a dignified and harmonious manner.

That the number of employees is relatively small--even diminishing at this moment--makes this proposal very reasonable, a fact that should effectively eliminate any Congressional or Administration opposition to its inclusion with the Treaty.

Treaty Position Paper
Statement on Early Retirement

OPTIONAL, OPEN-ENDED EARLY FEDERAL RETIREMENT FOR ANY PANAMA CANAL PILOT WITH 15 YEARS ACCREDITED GOVERNMENT SERVICE, WITH ONE YEAR ADDITIONAL CREDIT FOR EACH 5 YEARS OF SERVICE. THIS MEANS FULL RETIREMENT, WITH NO REDUCTION OF ANNUITY BECAUSE OF AGE. (DUE TO THE DELETERIOUS PHYSICAL AND EMOTIONAL STRESSES, CHARACTERISTIC OF PILOTING HERE, THE USEFUL PERIOD OF SERVICE HISTORICALLY HOVERS AT ABOUT 13 YEARS. FURTHER, SINCE MOST PILOTS ARE HIRED IN THEIR FORTIES, THEY WILL HAVE REACHED A NORMAL RETIREMENT AGE WHEN ELIGIBLE UNDER THIS PROVISION.)

Although the above provision, extracted from the basic PCPA Treaty Position Paper, mentions only pilots, its application would serve the interests of other categories of employees, and is so intended.

Suggested manner for implementation of optional, 15 year retirement for eligible employees to be activated upon the effective date of a new treaty:

1. By open-ended, we intend that should an individual's service fall short of the required 15 years, he would be encouraged to continue his employment up to, or even beyond, his (or her) eligible date.

Without this very important provision, many key employees--such as a large percentage of pilots--who have very little Federal service, will be nearly forced to resign and start new careers elsewhere.

For those individuals who have acquired sufficient service, there will be the incentive to continue their canal career under the new Agency.

2. For an employee to exercise his option for retirement under this plan, there should be required ample notice on his part to the Canal Agency.

This would serve the two-fold purpose of providing the Canal Agency with sufficient lead time to plan their personnel policies, and it gives the employee time to reflect upon, and possibly reconsider, his decision.

International Organization Masters,
Mates & Pilots, Inc.
Affiliated with
AFL-CIO
International Maritime Pilot Association



Reply to:
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Panama Canal Pilots Association

Captain J. R. Williams
President

APR 19 1977

Captain J. Farmer
Secretary

April 15, 1977

Representative Ralph H. Metcalfe
U. S. House of Representatives
Room 1334
Longworth House Office Building
Washington, D.C. 20515

Dear Representative Metcalfe:

In further elaboration of our testimony before your Subcommittee last week, I believe that it is appropriate to point out that Pilots, although resigning in unusual numbers are doing so with extreme reluctance in most cases.

Piloting ships through the Panama Canal, for the majority of us who truly enjoy our work, places us in a profession that has no equivalent anywhere in the world. To be a Panama Canal Pilot then, is to have achieved a certain professional status that is a mark of considerable distinction in the maritime industry.

Therefore, the fact of Treaty uncertainties and apprehensions are greatly compounded by the existence of better positions elsewhere that place a greater value upon our shiphandling and maritime expertise. It is unfortunate that this assessment of the situation prevails, but the facts undeniably speak for themselves.

In regards to Pilots wages elsewhere, it is a general axiom that Pilots earn approximately the same as shipmasters of the largest vessels. In my future discussions with the Panama Canal Company on this subject, I intend to point out to them that there are shipmasters in the Military Sealift Command whose wage scale, as Federal employees, could reasonably be adopted as an equivalent basis for Canal Pilot wages.

Sincerely,

J. R. Williams

JRW:cfc

cc: Rep. Leo Zeferetti
Rep. Ellwood Hillis
Gov. Parfitt

International Organization Masters,
Mates & Pilots, Inc.
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Reply to:

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Captain J. R. Williams
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Secretary

PANAMA CANAL PILOTS' ASSOCIATION

TREATY POSITION PAPER

BACKGROUND:

In 1973, the Canal Zone Code was modified to permit the hiring of qualified Panamanians as pilots. Well-qualified Panamanians were subsequently selected as pilots-in-training, and their development has proven their professional capability to everyone's satisfaction.

Panama is clearly obligated to encourage her young men to embrace seagoing careers, if they are to become full partners in the Canal enterprise, as indeed they must.

The Panama Nautical School is a step in the right direction. Its graduates can go to sea and, as their experience grows, become command-qualified in a very few years and be eligible to become Panama Canal pilots-in-training.

The development of qualified Panamanians for future pilots, along these lines, we endorse and are committed to assist wherever possible.

THE PROBLEM:

Meanwhile, we must concern ourselves with an orderly and harmonious transition period of key employees which, in our case, means pilots--a group that is recognized as both the least dispensable and the most difficult to replace.

An exodus of pilots could cripple the Canal operation. This can, and indeed must, be avoided by encouraging presently employed pilots to remain.

There are several factors to consider. First, pilots were recruited to come here, by necessity, on a career basis--as contrasted to DOD personnel throughout the world who are generally on a 5 year rotational stint. Also, there are few, if any, comparable piloting jobs elsewhere in the Federal service for pilots to be transferred. We are not, for all practical purposes, transferable--as are other crafts and professions.

Therefore, a much greater necessity for consideration exists than was demonstrated in, for example, the transition effected in Okinawa. There is no comparison.

Panama Canal pilots of varying experience are being recruited in increasing numbers to return to the U.S. for employment as shipmasters and pilots for salaries that are significantly higher. Pilot salaries in the U.S., the amounts of which are secretively guarded, range far in excess of shipmasters salaries. The Canal Enterprise must therefore meaningfully compete with this growing reality.

THE SOLUTION:

In order to seriously address this problem of pilot retention, now, and particularly in the post-Treaty era, the following minimal measures are proposed:

- 1) Optional, open-ended early Federal retirement for any Panama Canal pilot with 15 years accredited Government service, with one year additional credit for each 5 years of service. This means full retirement, with no reduction of annuity because of age. (Due to the deleterious physical and emotional stresses, characteristic of piloting here, the useful period of service historically hovers at about 13 years. Further, since most pilots are hired in their forties, they will have reached a normal retirement age when eligible under this provision.)
- 2) A pilot who elected to retire MAY be rehired by the new Agency that operates the Panama Canal, with no loss of retirement annuity. This would imply no obligation to hire him on the part of the new Agency, and he could acquire tenure only from the date of his rehiring.
- 3) Raising pilot compensation to "Maritime Industry Standard," as recognized in the United States, plus appropriate cost-of-living differential. Industry standard, as applied to pilots, is, and has traditionally been, shipmaster's pay of the largest vessels.
- 4) Implementation of an optional, alternative work schedule that would permit pilots to maintain their primary residence in the U.S. and commute 5 to 6 times per year to Panama to perform their share of the work load. Such a system compares with several piloting arrangements in the U.S. and elsewhere and is presently under consideration by the Panama Canal Company.
- 5) Implementation of a collective bargaining process and a long-term contractual arrangement that would guarantee, in an atmosphere of mutual trust and harmony, the attainment and retention of the aforementioned goals that are necessary to preserve the vital piloting skills that the Canal will require.

SUPPORTING RATIONALE:

Assuming that one of the objectives of a new canal treaty is to insure an orderly and amicable transition from what is essentially a U.S. citizen pilot force to one that gives hiring preference to Panamanians, we consider the adoption of these proposed measures to be essential for the successful evolution of a harmonious and cooperative employee transition period. Failure to do so, in what is essentially an environment of transition and drastic change, would undoubtedly result in enormous and bitter resentment--followed by profligate resignations by pilots.

This era, by necessity, will require several years in order to conclude the goals set forth in the Treaty provisions. Therefore, the rationale for arriving at the foregoing proposals was based upon dividing the pilot force into the following three broad categories:

1. Those with enough, or nearly enough, service to retire.
2. Those with less than five years service.
3. A middle group with more than five years but still a large amount of time before becoming eligible to retire.

For those in group number one, it is felt that although they would have a retirement earned, it is probable that their age and their financial status would make it attractive that they continue working here rather than going back to sea or piloting elsewhere, provided that an alternate work plan was available as an option and the pay was up to industry standards.

For those with less than five years service, it is believed that the combination of the optional work plan at a competitive pay scale, and the incentive of early retirement, will compete favorably with the alternative of resigning and going back to sea or piloting elsewhere.

For those in group three, it is assumed that the incentive of a reasonably early retirement being attainable, combined with the addition of the optional work plan at a competitive salary, will cause the majority to continue their employment.

RELATED OBSERVATION:

Panama has stated that they have no objections to the inclusion of labor protections in a new treaty. Indeed, the 1967 Treaty draft conceptualized much of what we are proposing.

We therefore believe that the U.S. Government may unilaterally adopt these measures, outside the Treaty negotiating context, that will assure the efficient continuity of operations of the Panama Canal during an employee transition period that should and could be conducted in a dignified and cooperative atmosphere.

Mr. METCALFE. Mr. Zeferetti? We are about an hour behind schedule.

Mr. ZEFERETTI. I have one short question.

Are your people leaving because of not having a labor protection guarantee written in, or is it because they have other problems with this jurisdiction in line with what is going to happen, which you say is inevitable that it be Panamanian?

Mr. WILLIAMS. They are leaving for a combination of reasons. They are not leaving out of a sudden desperation without any future ahead of them. They are leaving to take very well-paying jobs elsewhere. The opportunities are there. Some of them might be leaving, I would imagine, for those reasons that Mr. O'Donnell pointed out. They do not have any conviction that their future interests are going to be looked after, and they are voting with their feet and leaving. And I think you are going to see more.

Mr. METCALFE. Mr. Hillis?

Mr. HILLIS. I have no questions.

Mr. METCALFE. Mr. Nonnenmacher?

Mr. NONNENMACHER. I have one question, Mr. Chairman.

You point out in your paper that pilots of varying experience are being recruited elsewhere for salaries in excess of \$60,000 per year. Apart from the treaty negotiations, is your pay scale here beginning to fall behind salaries elsewhere?

Mr. WILLIAMS. Yes.

Mr. NONNENMACHER. Is that already a problem separate from treaty negotiations, then?

Mr. WILLIAMS. Yes. The treaty negotiations aggravate it somewhat, but the opportunities are there in the industry which the Canal organization hasn't kept pace with.

Mr. NONNENMACHER. I don't want to prolong this. Apart from the treaty negotiations and the concerns that these bring to your family lives, are you taking steps as a group to equalize salaries here with what they may be elsewhere? Have you had negotiations or talks with the company? Or have you let the matter slide in view of the Treaty uncertainties?

Mr. WILLIAMS. No. First of all, we don't negotiate with the company. We don't have that right. No union in the Canal Zone has that right. We make requests, and we consult. The consultation process sometimes works satisfactorily and sometimes it doesn't.

To be more specific, our association has initiated a request for consultation on this very subject, that our pay be brought into line with industry standards, and it specifically mentions in the letter I sent to them requesting this that pilots were leaving and still more of them were going to leave and something had to be done.

In the very near future, perhaps as early as next week, these meetings will be taking place on this subject.

We have also discussed with the company, and the company has studied it to some degree, and this is mentioned in this position paper, an alternate means of working whereby pilots can maintain their primary residence in the United States and, as the position paper points out, this compares with piloting systems elsewhere, particularly in remote areas, and it would involve commuting down here five or six times per year and working an alternative schedule

that would permit them to maintain their primary residence in the United States and continue their employment here. The company is investigating this right now. I don't know what will be their final position. It looks a little pessimistic right now. They strongly advocate such a measure.

Mr. METCALFE. Thank you very much.

Are there further questions? No.

Thank you very much, gentlemen, for appearing before us. I would like to indicate that Mr. George Clark, of the International Organization of Master Mates and Pilots, Local 27, was one of those who had not been extended an invitation to speak. We had hoped we would be able to grant him five minutes, but time has completely run out on us, and Mr. Clark, who is present now, may submit his statement to us, and then we will be privileged, of course, to ask questions.

Mr. Collins has left. He is the president of the Maritime Traffic Controllers A. F. E. Lodge No. 1559, and he would be privileged to present to us his paper and would likewise have the privilege of asking any questions.

[No material was received.]

Mr. METCALFE. I would like to express my most profound thanks and express the will of the members of the Congress as well as the staff for the very fine testimony that we've had this morning and for those of you who have manifested an interest and who are still sticking with us through the long meeting.

It has been difficult chairing a meeting and keeping an eye on the clock and yet trying to make certain that we get all of the pertinent information and give every person a chance to ask questions that are burning in their own minds, and because of this participation this has been a very successful session, as have the others since we have been here.

On behalf of the committee and the staff, we want to thank all of you for participating.

[The following was submitted:]

137

ANUNCIO DE VACANTES DE VIVIENDAS N.º

Hoja No.

TO BE ASSIGNED AS OF 1:00 P.M. ON TUESDAY, MARCH 15, 1977

Se harán asignaciones a la 1:00 p.m. el... MARTES, 15 de MARZO de 1977

NOTE

Please refer to Information Sheet for (1) general requirements pertaining to quarters assignment, and (2) numbered footnote explanations.

OBSERVACION

Sírvase referirse a la Hoja de Datos que contiene (1) los requisitos generales para la asignación de vivienda y (2) las explicaciones enumeradas para la columna de notas.

(See Reverse Side.)

(Véase al Dorso.)

SPECIAL NOTICE:

U.S. citizen employees of the Company/Government organization who are not eligible for a regular assignment to quarters because their position is not the reason for being on the Isthmus and who are interested in a provisional assignment to surplus quarters in the Atlantic area, should contact the Housing Manager, 43-2148.

*ELIGIBLES NM-7 OR EQUIVALENT AND UP—QUALIFY FOR GROUPS A, B, C, D, E & F.

50-413-300

Personas elegibles en grados NM-7, su equivalente o niveles superiores califican para los Grupos A, B, C, D, E y F.

ELIGIBLES BELOW NM-7 OR EQUIVALENT LEVEL—MAY APPLY FOR QUARTERS IN GROUPS D, E, & F.

HOWEVER PREFERENCE WILL BE GIVEN TO EMPLOYEES ABOVE THE CUT-OFF LEVEL FOR GROUP D QUARTERS.

Personas elegibles en grados menores de NM-7 o su equivalente pueden hacer solicitud para viviendas en los Grupos D, E y

F. Sin embargo, empleados en grados NM-7, su equivalente o niveles superiores tendrán preferencia para el Grupo D.

SUPPLEMENTAL NOTICES

Notas Suplementarias

+ Available to married couples without dependents - Service Date is determining factor.

For further information please call the Housing Manager (Tel. 52-3384).

Para información adicional sírvase llamar al Gerente de Vivienda

(C) Composite—Material Compuesto

(M) Masonry—Mampostería

(F) Frame—Madera

INFORMATION SHEET FOR QUARTERS WEEKLY VACANCY BULLETINS

The apartments listed on the weekly vacancy bulletin will be assigned to the senior applicant on file with the Housing Manager on time and date indicated in accordance with the Housing Consolidation Implementation Procedure and Chapter 737 of the Panama Canal Personnel Manual.

SPECIAL NOTICE

- I. Applications from employees who do not presently have a Company quarters assignment must be certified by the Chief, Personnel Operations Division, that the applicant meets general quarters assignment eligibility requirements.
- II. Mobile home sites located in Curundu and Coco Solo, Canal Zone, are immediately available to applicants possessing quarters eligibility. Written application should be submitted to the Chief, Community Services Division.
- III. An employee will be ineligible for quarters on the next two vacancy bulletins after date of declining an assignment.
- IV. A four vacancy bulletin penalty effective the date of declination will be imposed on employees who cancel after having accepted a quarters assignment.

FOOTNOTE LISTING

1. Large family preference under established diminishing family size for designated quarters. All interested applicants should apply.
2. Available to bachelor or family applicants - service date is determining factor.
3. Assigned parking space.
4. As a condition to this assignment, you will not be permitted to construct a boat shelter.
5. Garages under building are available on a first-come, first-serve basis (Building 236, Ancón).
6. Includes electric current, but an additional charge of \$0.80 biweekly will be made if electric dryer is installed in the apartment (Building 224, Ancón).
7. Due to plumbing limitations, installation of automatic washers in the apartments are not authorized (Bldgs. 224 & 236, Ancón).
8. Parking of boats within the Gorgas Apartments area is not permitted.
9. This apartment is scheduled to be rehabilitated in the future pending availability of funds. Employees accepting assignment will be required to transfer to other quarters while work is in progress.
10. Available for provisional assignment; contact Housing Manager for further details.
11. Shared domestic facilities.
12. Storeroom.

HOJA DE DATOS PARA ANUNCIOS SEMANALES DE VACANTES DE VIVIENDA

Los apartamentos que se detallan en los anuncios semanales sobre vacantes serán adjudicados a la hora y fecha indicada al solicitante de mayor antigüedad de empleo, según aparezca en el expediente del Gerente de Vivienda, conforme al Procedimiento para la Implantación de la Consolidación de Viviendas y el Capítulo 737 del Manual de Personal del Canal de Panamá.

AVISO ESPECIAL

- I. Las solicitudes de los empleados que no tengan vivienda adjudicada en la actualidad, deberán contener una certificación del Jefe de la División de Operaciones de Personal donde conste que el solicitante llena todos los requisitos generales de elegibilidad para la asignación de vivienda.
- II. Los sitios para la instalación de casas móviles en Curundu y Coco Solo, Zona del Canal, están disponibles de inmediato para aquellos solicitantes que poseen elegibilidad para obtener vivienda. Las solicitudes escritas deberán ser enviadas al Jefe de la División de Servicios Comunales.
- III. En caso de rechazar el solicitante la vivienda que se le ha asignado, no tendrá derecho a solicitar viviendas de los dos anuncios subsiguientes.
- IV. Aquellos solicitantes que, luego de aceptar una asignación de vivienda, la cancelen, no tendrán derecho a solicitar vivienda de los cuatro anuncios subsiguientes a la fecha de declinación.

NOTAS

1. Se le dará preferencia a familias grandes según su tamaño y en orden decreciente conforme a su designación. Todos los solicitantes interesados deberán presentar su solicitud.
2. Disponible para solicitantes solteros o con familia. La fecha original de empleo es el factor determinante.
3. Estacionamiento asignado.
4. Como condición para esta asignación, no se permitirá la construcción de casetas para botes.
5. Los garajes en la parte inferior del edificio serán ocupados en orden de llegada (Edificio 236, Ancón).
6. Incluye electricidad, con un cargo adicional de \$0.80 cada dos semanas en caso de instalación de una secadora eléctrica en el apartamento (Edificio 224, Ancón).
7. Debido a las limitaciones de la plomería, no se autorizará la instalación de lavadoras automáticas en los apartamentos (Edificios 224 y 236, Ancón).
8. Se prohíbe estacionar botes dentro del área de los apartamentos del Gorgas.
9. Este apartamento será rehabilitado próximamente según la disponibilidad de fondos. Los empleados que acepten esta asignación deberán trasladarse a otra vivienda mientras se efectúan los trabajos.
10. Disponible para asignación provisional; comuníquese con el Gerente de Vivienda para mayores detalles.
11. Instalaciones comunes para empleadas.
12. Cuarto de depósito.

FAMILY

QUARTERS VACANCY BULLETIN No. 37

Sheet No. 1 of 1

ANUNCIO DE VACANTES DE VIVIENDAS No.

Hoja No.

TO BE ASSIGNED AS OF 1:00 P.M. ON TUESDAY, MARCH 15, 1977

Se harán asignaciones a la 1:00 p.m. el MARTES, 15 de MARZO de 1977

NOTE

OBSERVACION

Please refer to Information Sheet for (1) general requirements pertaining to quarters assignment, and (2) numbered footnote explanations.

Sírvase referirse a la Hoja de Datos que contiene (1) los requisitos generales para la asignación de vivienda y (2) las explicaciones enumeradas para la columna de notas.

(See Reverse Side.)

(Véase al Dorso.)

Location Ubicación	House and Apt. No. No. de Casa y Apartamento	Type of Construction Tipo de Construcción	No. Apts. No. de Apts.	Bed- rooms Recá- maras	Baths Baños	Garage Garaje	Maid's Room Cto. de Empleada	Maid's Toilet Servicio Empleada	*Qtr. Group Grupo de Vi- vienda	Biweekly Rent Excluding Tel. Charge Alquiler 2 semanas ex- cluye teléfono	Footnote Listing Notas
Las Cruces Street	2320-A11	B A L B O A T-350 M Off-the-Ground D I A B L O T-336 M Two Floors	1	3	2	Yes	Yes	Yes	A	\$94.30	12
Davis Street	5349-A	T-102 F Off-the-Ground T-102 F Off-the-Ground C O R O Z A L	2	3	1½	Yes	No	Yes	A	71.30	1
Sibert Street	5735-A11	T-102 F Off-the-Ground T-102 F Off-the-Ground C O R O Z A L	1	3	2	Yes	Yes	Yes	A	74.80	1
Sibert Street	5743-A11	T-102 F Off-the-Ground T-102 F Off-the-Ground C O R O Z A L	1	3	2	Yes	Yes	Yes	A	74.80	1
Anton Street	6587-A	T-357 M Two Floors P E D R O M I G U E L T-168 M On-the-Ground G A M E O A	2	3	1½	Yes	No	Yes	A	69.10	
Trinidad Street	9211-1	T-210 C Inside Stairs T-215 C Downstairs T-217 C Upstairs	12	1	1	Yes	No	Yes	C	30.10	+
Murwin Place	100-9	T-210 C Inside Stairs T-215 C Downstairs T-217 C Upstairs	4	1	1	Yes	No	Yes	C	27.60	+ 12
Williamson Avenue	162-B	T-210 C Inside Stairs T-215 C Downstairs T-217 C Upstairs	4	2	1	Yes	No	Yes	C	36.10	12
Goethals Boulevard	0265-A	T-210 C Inside Stairs T-215 C Downstairs T-217 C Upstairs	4	2	1	Yes	No	Yes	C	36.10	12

SPECIAL NOTICE:

An employee of the Company/Government Organization has been granted an extended leave of absence beginning June 15, 1977, through February 15, 1978.

The employee occupies a furnished, duplex, 2 bedrooms, Diablo, and the apartment is available for occupancy by a Company/Government employee eligible for a quarters assignment on a subletting basis for the time he is absent from the Isthmus.

Employees interested in subletting the apartment should submit their written requests to this office not later than Tuesday, March 15, 1977, at 1:00 p.m. They will be forwarded to the employee concerned for further handling with the person selected for subletting the apartment.

SPECIAL NOTICE:

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6443-306

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Notas Suplementarias

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- II. Los sitios para la instalación de casas móviles en Curundu y Coco Solo, Zona del Canal, están disponibles de inmediato para aquellos solicitantes que poseen elegibilidad para obtener vivienda. Las solicitudes escritas deberán ser enviadas al Jefe de la División de Servicios Comunales.
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- IV. Aquellos solicitantes que, luego de aceptar una asignación de vivienda, la cancelen, no tendrán derecho a solicitar vivienda de los cuatro anuncios subsiguientes a la fecha de declinación.

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11. Instalaciones comunes para empleadas.
12. Cuarto de depósito.

Workers' Buying Power In Major Cities of World

Purchasing power in major world cities, expressed in terms of number of hours a person must work to buy a market basket of typical goods and services, is reflected in the following table. The source is the Geneva-based banking chain, Union de Banques Suisses.

City	Hours Worked	City	Hours Worked
San Francisco	65-3/4	Caracas	132
Chicago	72-1/3	Milan	137-2/5
Los Angeles	73-3/4	Dublin	137-3/5
New York	76-3/4	Sao Paolo	145-1/3
Toronto	82-4/5	Paris	149
Montreal	85-1/2	Madrid	158
Geneva	89-3/4	Tokyo	162
Amsterdam	91-1/5	Rio de Janeiro	185
Zurich	91-3/4	Panama City	191
Sydney	93-1/5	Mexico City	202-1/3
Copenhagen	93-3/4	Athens	207-1/2
Luxemburg	95-4/5	Teheran	208-3/4
Dusseldorf	99-3/5	Hong Kong	217-3/5
Stockholm	103-3/5	Istanbul	239
Oslo	113-3/4	Singapore	264-3/4
Brussels	114-1/2	Tel Aviv	267-3/4
Helsinki	115-4/5	Lisbon	271
Vienna	118	③ Bogota	288
London	124-1/4	② Manila	356-4/5
Johannesburg	126-1/2	① Buenos Aires	482-1/4

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U.S. House of Representatives
Committee on
Merchant Marine and Fisheries
 Room 1334, Longworth House Office Building
 Washington, D.C. 20515

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 MINORITY COUNSEL
 W. PATRICK MORRIS

May 24, 1977

Mr. James J. O'Donnell
 American Federation of Government
 Employees
 Local No. 14
 Box 1703
 Balboa, CANAL ZONE

Dear Mr. O'Donnell:

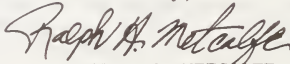
This is in reply to your correspondence, dated April 30, 1977, responding to Governor Parfitt's statement concerning discrimination complaints on the basis of national origin.

Your correspondence, and the Supreme Court opinion attached thereto, will be made a part of the record of the Subcommittee's Canal Zone hearings. The Governor's statement, made at the opening session of hearings is, of course, already included in the hearings.

Additionally, the Subcommittee will ask for and study a copy of the Civil Service Commission statement on the question of national origin and discrimination, and we will ask the Commission for a definitive and clear opinion on this matter if the present opinion is inadequate. Copies of these will be forwarded, if possible.

This question of national origin and discrimination is an important matter. The Subcommittee is indebted to you for the vigorous expression of your interpretation of the matter. Please continue to communicate with us on this and other matters.

Sincerely,



RALPH H. METCALFE
 Chairman
 Panama Canal Subcommittee

JOIN



LOCAL No. 14

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

Affiliated with the AFL-CIO—The Granddaddy of Canal Zone Locals

Serving Federal Employees at the Crossroads of the World

Chartered October 9, 1932

April 30, 1977

Box 1703
Balboa, Canal Zone

The Honorable Ralph H. Metcalfe
Chairman, U. S. House Subcommittee on
Panama Canal Affairs
House of Representatives
Washington, D.C. 20515

MAY 5 1977

Dear Mr. Chairman:

The enclosed newspaper clipping from the Star & Herald issue of April 14, 1977, is self-explanatory and serves as the basis for this letter. Inasmuch as Governor Parfitt submitted the statements in the newspaper article as part of the official congressional hearing record, I respectfully request that my statements in this letter, together with attachments, also be made part of the official hearing record.

With regard to the statement in the article that "The General Counsel of the Civil Service Committee has recently ruled that non-U.S. citizens employed in the Canal Zone are within the scope of persons protected by the (U.S.) equal opportunity laws," I wish to state categorically that Title VII of the Civil Rights Act of 1964 specifically excludes the extension of this protection to non-citizens outside of the United States. "Title VII of the Civil Rights Act of 1964 protects all individuals, both citizens and non-citizens, domiciled in the United States, against discrimination on the basis of race, color, religion, sex, or national origin." 29 CFR 1606.1(c) (1972) (Underscoring supplied.)

Also, in the case of *Espinosa vs. Farah Manufacturing Company*, 95 S. Ct. 334 (1973) (copy attached) the Supreme Court referred to Tit. VII wherein it states that Tit. VII "shall not apply to an employer with respect to the employment of aliens outside any State..." 42 U.S.C. 200e-1. In this same case the Supreme Court stated, "Title VII was clearly intended to apply with respect to the employment of aliens inside any State." (Underscoring supplied.)

As a longtime labor leader I strongly believe that when social or monetary gains are made by any group of workers these gains should never have to be given up or otherwise lost. Therefore, I do not intend to dispute the inclusion of non-U.S. citizen employees in the Canal Zone under the U. S. equal opportunity laws. However, in view of the fact that an additional basis for discrimination now exists in the Canal Zone that does not exist

We do in unity that which is impossible in disunity

The Honorable Ralph H. Metcalfe
 April 30, 1977
 Page 2

in the United States, I hereby respectfully request that you seek to have EEO law and/or regulations amended as follows: (1) to show that non-U.S. citizen employees in the Canal Zone are properly covered by the law (if, in fact, they are) and (2) in terms of the Canal Zone only, to approve another valid basis on which a complaint of discrimination might be submitted, namely, discrimination on the basis of citizenship.

With reference to the statement in the article, "To complicate matters, there is considerable confusion among employees and others concerning the applicability of the Civil Rights Act to complaints of discrimination on the basis of citizenship," I respectfully suggest that the confusion referred to indeed exists--but not among the employees. Rather, it exists in the mind of this agency's General Counsel who, incidentally, is the author of the Governor's statements in the attached newspaper clipping.

You will note that the author of the Governor's statements slipped in his own definition of national origin when he states, "As you know, the Civil Rights Act prohibits discrimination on the basis of national origin meaning ancestry or ethnic heritage..." From this we can infer that because the Panama Canal Company General Counsel states that's what it means, then, of course, that is obviously what it must mean! Right? WRONG!!!

In the aforementioned case of Espinosa vs. Farah Mfg. Co. (page 88, attached copy) the Supreme Court provides a specific, crystal clear definition of national origin, i.e., "The term 'national origin' on its face refers to the country where a person was born, or, more broadly, the country from which his or her ancestors came" (underscoring supplied). Under this definition it is perfectly clear, therefore, that if a person was born in the United States, and his ancestors hailed from another country, that person would be perfectly correct in claiming his national origin to be U.S. or American. This point is particularly critical here in the Canal Zone because the entire thrust of the Panama Canal Company General Counsel's argument is that an American federal employee in the Canal Zone cannot charge discrimination based on national origin in any job related action where such discrimination might, in fact, have taken place in favor of a Panamanian employee--or vice versa. In spite of the fact that the Supreme Court definition is perfectly clear to any intelligent person, and would certainly take precedence over any other definition (including, incidentally, the Panama Canal Company General Counsel's) this agency's General Counsel insists that vis-à-vis U.S. and Panamanian employees discrimination based on citizenship might indeed be possible, but not discrimination based on national origin.

The Honorable Ralph H. Metcalfe
 April 30, 1977
 Page 3

As a result of this illegal and ludicrous stand, legitimate Equal Employment Opportunity complaints of discrimination based on national origin submitted by both U.S. and Panamanian employees have been refused, shelved, denied, or otherwise prevented from being accepted or heard under the EEO laws and regulations. In fact, there are cases which have made it as far as the Civil Service Commission's Appeals Review Board, with the Board confirming the legitimacy of the employees' EEO complaints of discrimination and ordering the agency to accept and proceed with the case, and still the agency has refused to accept and proceed with the case as instructed!!

Mr. Chairman, this incredible state of affairs cannot be permitted to continue. This agency's General Counsel has made a mockery and a shambles of the EEO laws and regulations with a resultant screaming nosedive in the credibility with which the agency's EEO program is viewed by the workforce. I can assure you, Mr. Chairman, that with the uncertainty that prevails in the Canal Zone today, the already low morale of the employees needs no additional dents made in it by the wholly stubborn, illogical, and obfuscatory stance taken on this EEO question by this agency's General Counsel, notwithstanding the Supreme Court's clear definition of what constitutes "national origin."

See page 88, case of Espinoza vs. Farah, wherein the Minnesota State Act Against Discrimination, Minn. Stat. 363.01, subd. 6 (1971) defines "national origin" as "the place of birth of an individual or any of his lineal ancestors." (Underscoring supplied.)

See page 89, case of Espinoza vs. Farah, wherein Congressman Roosevelt, Chairman of a House Subcommittee, defined "national origin" as, "it means the country from which you or your ancestors came." (Underscoring supplied.)

See page 94, case of Espinoza vs. Farah, wherein the Equal Employment Opportunity Commission, through its General Counsel, said: "'National origin' refers to the country from which the individual or his forbears came..." (Underscoring supplied.)

Mr. Chairman, the one thing which is readily seen in all of these definitions is that they define "national origin" primarily and specifically as "based upon the country where a person was born," with a secondary and infinitely broad meaning to the additional statement, "or from where his ancestors came."

Mr. Chairman, I beg your indulgence for the length of this letter, but anything less detailed would not have been sufficient to make my point. We seek your help to clear up once and for

The Honorable Ralph H. Metcalfe
April 30, 1977
Page 4

all the EEO morass into which this agency has forced us. We need someone to tell this agency's General Counsel to cease and desist in his attempt to deprive employees of their hard-won rights under the law. We also need someone to have the Civil Service Commission carefully check the validity of the position I have outlined in this letter and forthwith to inform the agency and the agency's employees.

We seek your help.

Sincerely,



James J. O'Donnell
President, Local No. 14
American Federation of Government
Employees

Enclosures

cc: Mr. Robert Bates, Assistant to
the Commissioner (Appeals)
Chairman, Appeals Review Board
President, A.F.G.E. National
Director Office of Federal EEO

ESPINOZA ET VIR v. FARAH MANUFACTURING
CO., INC.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR
THE FIFTH CIRCUIT

No. 72-671. Argued October 10-11, 1973—

Decided November 19, 1973

Petitioners, Mr. and Mrs. Espinoza, brought suit after exhausting their administrative remedies with the Equal Employment Opportunity Commission (EEOC), alleging that respondent's refusal to hire Mrs. Espinoza in its San Antonio division because of her Mexican citizenship violated § 703 of Title VII of the Civil Rights Act of 1964, which makes it an unlawful employment practice for an employer to fail or refuse to hire any individual because of his race, color, religion, sex, or national origin. The District Court granted petitioners' motion for summary judgment, relying primarily on an EEOC guideline providing that a lawful alien resident may not be discriminated against on the basis of citizenship. The Court of Appeals reversed. *Held*: An employer's refusal to hire a person because he is not a United States citizen does not constitute employment discrimination on the basis of "national origin" in violation of § 703. Pp. 88-96.

(a) In light of the statute's legislative history and the long-standing practice of requiring federal employees to be United States citizens, it is clear that Congress did not intend the term "national origin" to embrace citizenship requirements. Pp. 88-91.

(b) The EEOC's guideline, though perhaps significant in a wide range of other situations, does not apply here or support the premise that discrimination on the basis of citizenship is tantamount to discrimination on the basis of national origin, since there is no showing that respondent (96% of whose San Antonio division employees are Mexican-Americans) discriminated against persons of Mexican origin. Pp. 92-95.

(c) Though the Act protects aliens against illegal discrimination because of race, color, religion, sex, or national origin, it does not proscribe discrimination on the basis of alienage. P. 95.

462 F. 2d 1331, affirmed.

MARSHALL, J., delivered the opinion of the Court, in which

BURGER, C. J., and BRENNAN, STEWART, WHITE, BLACKMUN, POWELL, and REHNQUIST, JJ., joined. DOUGLAS, J., filed a dissenting opinion, *post*, p. 96.

George Cooper argued the cause for petitioners. With him on the briefs was *Ruben Montemayor*.

Kenneth R. Carr argued the cause for respondent. With him on the brief were *Jack T. Chapman* and *William Duncan*.*

MR. JUSTICE MARSHALL delivered the opinion of the Court.

This case involves interpretation of the phrase "national origin" in Tit. VII of the Civil Rights Act of 1964. Petitioner Cecilia Espinoza is a lawfully admitted resident alien who was born in and remains a citizen of Mexico. She resides in San Antonio, Texas, with her husband, Rudolfo Espinoza, a United States citizen. In July 1969, Mrs. Espinoza sought employment as a seamstress at the San Antonio division of respondent Farah Manufacturing Co. Her employment application was rejected on the basis of a longstanding company policy against the employment of aliens. After exhausting their administrative remedies with the Equal Employment Opportunity Commission,¹ petitioners commenced this suit in the District Court alleging that respondent had discriminated against Mrs. Espinoza because of her "national origin" in violation of § 703 of Tit. VII, 78 Stat. 255, 42 U. S. C. § 2000e-2 (a)(1). The District Court granted petitioners' motion for summary judgment, hold-

*Briefs of *amici curiae* urging reversal were filed by *Joseph T. Eddins, Jr.*, and *Beatrice Rosenberg* for the Equal Employment Opportunity Commission; by *Mario G. Obledo* and *Sanford Jay Rosen* for the Mexican American Legal Defense and Educational Fund; and by *Kenneth Hecht* for the Employment Law Center.

¹ Section 706 (c), 42 U. S. C. § 2000e-5 (c).

ing that a refusal to hire because of lack of citizenship constitutes discrimination on the basis of "national origin." 343 F. Supp. 1205. The Court of Appeals reversed, concluding that the statutory phrase "national origin" did not embrace citizenship. 462 F.2d 1331. We granted the writ to resolve this question of statutory construction, 411 U. S. 946, and now affirm.

Section 703 makes it "an unlawful employment practice for an employer . . . to fail or refuse to hire . . . any individual . . . because of such individual's race, color, religion, sex, or national origin." Certainly the plain language of the statute supports the result reached by the Court of Appeals. The term "national origin" on its face refers to the country where a person was born, or, more broadly, the country from which his or her ancestors came.²

The statute's legislative history, though quite meager

² See, e. g., Minnesota State Act Against Discrimination, Minn. Stat. § 363.01 subd. 6 (1971), defining "national origin" as "the place of birth of an individual or of any of his lineal ancestors."

Several States have statutes making it illegal to discriminate on the basis of national origin, and many of these statutes have apparently been interpreted by the appropriate state enforcement agency as not barring citizenship requirements. For example, the New York Human Rights Law provides that it is an unlawful discriminatory practice to refuse to hire any individual because of his or her origin and additionally provides that it shall be unlawful for an employer to make any pre-employment inquiry "which expresses directly or indirectly, any limitation, specification or discrimination as to . . . national origin" N. Y. Exec. Law § 296 (1972). The New York State Commission Against Discrimination has ruled that an employer may lawfully ask a job applicant whether he or she is a citizen of the United States. See 3 CCH Employment Prac. Guide ¶ 26,051, p. 8399.

While these interpretations of state statutes do not control our construction of federal law, we think them indicative of a general understanding that the term "national origin" does not embrace a requirement of United States citizenship.

in this respect, fully supports this construction. The only direct definition given the phrase "national origin" is the following remark made on the floor of the House of Representatives by Congressman Roosevelt, Chairman of the House Subcommittee which reported the bill: "It means the country from which you or your forebears came. . . . You may come from Poland, Czechoslovakia, England, France, or any other country." 110 Cong. Rec. 2549 (1964). We also note that an earlier version of § 703 had referred to discrimination because of "race, color, religion, national origin, or *ancestry*." H. R. 7152, 88th Cong., 1st Sess., § 804, Oct. 2, 1963 (Comm. print) (emphasis added). The deletion of the word "ancestry" from the final version was not intended as a material change, see H. R. Rep. No. 914, 88th Cong., 1st Sess., 87 (1963), suggesting that the terms "national origin" and "ancestry" were considered synonymous.

There are other compelling reasons to believe that Congress did not intend the term "national origin" to embrace citizenship requirements. Since 1914, the Federal Government itself, through Civil Service Commission regulations, has engaged in what amounts to discrimination against aliens by denying them the right to enter competitive examination for federal employment. Exec. Order No. 1997, H. R. Doc. No. 1258, 63d Cong., 3d Sess., 118 (1914); see 5 U. S. C. § 3301; 5 CFR § 338.101 (1972). But it has never been suggested that the citizenship requirement for federal employment constitutes discrimination because of national origin, even though since 1943, various Executive Orders have expressly prohibited discrimination on the basis of national origin in Federal Government employment. See, e. g., Exec. Order No. 9346, 3 CFR 1280 (Cum. Supp. 1938-1943); Exec. Order No. 11478, 3 CFR 446 (1970).

Moreover, § 701 (b) of Tit. VII, in language closely paralleling § 703, makes it "the policy of the United States to insure equal employment opportunities for Federal employees without discrimination because of . . . national origin" Civil Rights Act of 1964, Pub. L. 88-352, § 701 (b), 78 Stat. 254, re-enacted, Pub. L. 89-554, 80 Stat. 523, 5 U. S. C. § 7151. The legislative history of that section reveals no mention of any intent on Congress' part to reverse the longstanding practice of requiring federal employees to be United States citizens. To the contrary, there is every indication that no such reversal was intended. Congress itself has on several occasions since 1964 enacted statutes barring aliens from federal employment. The Treasury, Postal Service, and General Government Appropriation Act, 1973, for example, provides that "no part of any appropriation contained in this or any other Act shall be used to pay the compensation of any officer or employee of the Government of the United States . . . unless such person (1) is a citizen of the United States" ³ Pub. L. 92-351, § 602, 86 Stat. 487. See also Pub. L. 91-144, § 502, 83 Stat. 336; Pub. L. 91-439, § 502, 84 Stat. 902.

To interpret the term "national origin" to embrace citizenship requirements would require us to conclude that Congress itself has repeatedly flouted its own declaration of policy. This Court cannot lightly find

³ Petitioners argue that it is unreasonable to attribute any great significance to these provisions in determining congressional intent because the barrier to employment of noncitizens has been tucked away in appropriations bills rather than expressed in a more affirmative fashion. We disagree. Indeed, the fact that Congress has occasionally enacted exceptions to the general barrier indicates to us that Congress was well aware of what it was doing. See, *e. g.*, Pub. L. 92-204, § 703, 85 Stat. 726 (Dept. of Defense); Pub. L. 91-382, 84 Stat. 823 (Library of Congress).

such a breach of faith. See *Bate Refrigerating Co. v. Sulzberger*, 157 U. S. 1, 38 (1895). So far as federal employment is concerned, we think it plain that Congress has assumed that the ban on national-origin discrimination in § 701 (b) did not affect the historical practice of requiring citizenship as a condition of employment. See *First National Bank v. Missouri*, 263 U. S. 640, 658 (1924). And there is no reason to believe Congress intended the term "national origin" in § 703 to have any broader scope. Cf. *King v. Smith*, 392 U. S. 309, 330-331 (1968).

Petitioners have suggested that the statutes and regulations discriminating against noncitizens in federal employment are unconstitutional under the Due Process Clause of the Fifth Amendment. We need not address that question here,⁴ for the issue presented in this case is not whether Congress has the power to discriminate against aliens in federal employment, but rather, whether Congress intended to prohibit such discrimination in private employment. Suffice it to say that we cannot conclude Congress would at once continue the practice of requiring citizenship as a condition of federal employment and, at the same time, prevent private employers from doing likewise. Interpreting § 703 as petitioners suggest would achieve the rather bizarre result of preventing Farah from insisting on United States citizenship as a condition of employment while the very agency charged with enforcement of Tit. VII would itself be required by Congress to place such a condition on its own personnel.

⁴ We left this question undecided in *Sugarman v. Dougall*, 413 U. S. 634, 646 n. 12 (1973). See *Jalil v. Hampton*, 148 U. S. App. D. C. 415, 460 F. 2d 923, cert. denied, 409 U. S. 887 (1972); *Mow Sun Wong v. Hampton*, 333 F. Supp. 527 (ND Cal. 1971).

The District Court drew primary support for its holding from an interpretative guideline issued by the Equal Employment Opportunity Commission which provides:

"Because discrimination on the basis of citizenship has the effect of discriminating on the basis of national origin, a lawfully immigrated alien who is domiciled or residing in this country may not be discriminated against on the basis of his citizenship" 29 CFR § 1606.1 (d) (1972).

Like the Court of Appeals, we have no occasion here to question the general validity of this guideline insofar as it can be read as an expression of the Commission's belief that there may be many situations where discrimination on the basis of citizenship would have the effect of discriminating on the basis of national origin. In some instances, for example, a citizenship requirement might be but one part of a wider scheme of unlawful national-origin discrimination. In other cases, an employer might use a citizenship test as a pretext to disguise what is in fact national-origin discrimination. Certainly Tit. VII prohibits discrimination on the basis of citizenship whenever it has the purpose or effect of discriminating on the basis of national origin. "The Act proscribes not only overt discrimination but also practices that are fair in form, but discriminatory in operation." *Griggs v. Duke Power Co.*, 401 U. S. 424, 431 (1971).

It is equally clear, however, that these principles lend no support to petitioners in this case. There is no indication in the record that Farah's policy against employment of aliens had the purpose or effect of discriminating against persons of Mexican national origin.⁵ It is con-

⁵There is no suggestion, for example, that the company refused to hire aliens of Mexican or Spanish-speaking background while

ceded that Farah accepts employees of Mexican origin, provided the individual concerned has become an American citizen. Indeed, the District Court found that persons of Mexican ancestry make up more than 96% of the employees at the company's San Antonio division, and 97% of those doing the work for which Mrs. Espinoza applied. While statistics such as these do not automatically shield an employer from a charge of unlawful discrimination, the plain fact of the matter is that Farah does not discriminate against persons of Mexican national origin with respect to employment in the job Mrs. Espinoza sought. She was denied employment, not because of the country of her origin, but because she had not yet achieved United States citizenship. In fact, the record shows that the worker hired in place of Mrs. Espinoza was a citizen with a Spanish surname.

The Commission's guideline may have significance for a wide range of situations, but not for a case such as this where its very premise—that discrimination on the basis of citizenship has the effect of discrimination on the basis of national origin—is not borne out.⁶ It is

hiring those of other national origins. Respondent's president informed the EEOC's Regional Director investigating the charge that once in its history the company had made a single exception to its policy against hiring aliens, but the nationality of the individual concerned is not revealed in the record. While the company asks job applicants whether they are United States citizens, it makes no inquiry as to their national origin.

⁶ It is suggested that a refusal to hire an alien always disadvantages that person because of the country of his birth. A person born in the United States, the argument goes, automatically obtains citizenship at birth, while those born elsewhere can acquire citizenship only through a long and sometimes difficult process. See 8 U. S. C. §§ 1423 (1), 1423 (2), 1427 (a), and 1430. The answer to this argument is that it is not the employer who places the burdens of naturalization on those born outside the country, but Congress itself, through laws enacted pursuant to its constitutional power.

also significant to note that the Commission itself once held a different view as to the meaning of the phrase "national origin." When first confronted with the question, the Commission, through its General Counsel, said: "'National origin' refers to the country from which the individual or his forebears came . . . , not to whether or not he is a United States citizen" EEOC General Counsel's Opinion Letter, 1 CCH Employment Prac. Guide ¶ 1220.20 (1967).⁷ The Commission's more recent interpretation of the statute in the guideline relied on by the District Court is no doubt entitled to great deference, *Griggs v. Duke Power Co.*, *supra*, at 434; *Phillips v. Martin Marietta Corp.*, 400 U. S. 542, 545 (1971) (MARSHALL, J., concurring), but that deference must have limits where, as here, application of the guideline would be inconsistent with an obvious congressional intent not to reach the employment practice in question. Courts need not defer to an administrative construction of a statute where there are "com-

"[t]o establish an uniform Rule of Naturalization." U. S. Const., Art. 1, § 8, cl. 4.

Petitioners' reliance on *Phillips v. Martin Marietta Corp.*, 400 U. S. 542 (1971), is misplaced for similar reasons. In *Phillips* we held it unlawful under § 703 to have "one hiring policy for women and another for men" *Id.*, at 544. Farah, however, does not have a different policy for the foreign born than for those born in the United States. It requires of all that they be citizens of the United States.

⁷ The Opinion Letter was addressed to the question whether it was lawful to discriminate against nonresident aliens in favor of citizens and resident aliens, and expressly reserved any decision "regarding discrimination in favor of United States citizens and against resident aliens." Nevertheless, the definition of "national origin" set forth in the Letter is inconsistent with that suggested by petitioners here.

elling indications that it is wrong." *Red Lion Broadcasting Co. v. FCC*, 395 U. S. 367, 381 (1969); see also *Zuber v. Allen*, 396 U. S. 168, 193 (1969); *Volkswagenwerk Aktiengesellschaft v. FMC*, 390 U. S. 261, 272 (1968).

Finally, petitioners seek to draw support from the fact that Tit. VII protects all individuals from unlawful discrimination, whether or not they are citizens of the United States. We agree that aliens are protected from discrimination under the Act. That result may be derived not only from the use of the term "any individual" in § 703, but also as a negative inference from the exemption in § 702, which provides that Tit. VII "shall not apply to an employer with respect to the employment of aliens outside any State" 42 U. S. C. § 2000e-1. Title VII was clearly intended to apply with respect to the employment of aliens inside any State.⁸

The question posed in the present case, however, is not whether aliens are protected from illegal discrimination under the Act, but what kinds of discrimination the Act makes illegal. Certainly it would be unlawful for an employer to discriminate against aliens because of race, color, religion, sex, or national origin—for example, by hiring aliens of Anglo-Saxon background but refusing to hire those of Mexican or Spanish ancestry. Aliens are protected from illegal discrimination under the Act, but nothing in the Act makes it illegal to discriminate on the basis of citizenship or alienage.

We agree with the Court of Appeals that neither the language of the Act, nor its history, nor the specific

⁸ "Title VII of the Civil Rights Act of 1964 protects all individuals, both citizens and noncitizens, domiciled or residing in the United States, against discrimination on the basis of race, color, religion, sex, or national origin." 29 CFR § 1606.1 (c) (1972).

DOUGLAS, J., dissenting

414 U.S.

facts of this case indicate that respondent has engaged in unlawful discrimination because of national origin.^o

Affirmed.

MR. JUSTICE DOUGLAS, dissenting.

It is odd that the Court which holds that a State may not bar an alien from the practice of law¹ or deny employment to aliens² can read a federal statute that prohibits discrimination in employment on account of "national origin" so as to permit discrimination against aliens.

Alienage results from one condition only: being born outside the United States. Those born within the country are citizens from birth. It could not be more clear that Farah's policy of excluding aliens is *de facto* a policy of preferring those who were born in this country. Therefore the construction placed upon the "national origin" provision is inconsistent with the construction this Court has placed upon the same Act's protections for persons denied employment on account of race or sex.

In connection with racial discrimination we have said that the Act prohibits "practices, procedures, or tests neutral on their face, and even neutral in terms of intent," if they create "artificial, arbitrary, and unnecessary barriers to employment when the barriers operate in-

^o Petitioners argue that respondent's policy of discriminating against aliens is prohibited by 42 U. S. C. § 1981, which provides: "All persons within the jurisdiction of the United States shall have the same right in every State and Territory to make and enforce contracts, to sue, be parties, give evidence, and to the full and equal benefit of all laws and proceedings for the security of persons and property as is enjoyed by white citizens" This issue was neither raised before the courts below nor presented in the petition for a writ of certiorari. Accordingly we express no views thereon.

¹ *In re Griffiths*, 413 U. S. 717 (1973).

² *Sugarman v. Dougall*, 413 U. S. 634 (1973).

vidiously to discriminate on the basis of racial or other impermissible classification." *Griggs v. Duke Power Co.*, 401 U. S. 424, 430-431 (1971) (emphasis added). There we found that the employer could not use test or diploma requirements which on their face were racially neutral, when in fact those requirements had a *de facto* discriminatory result and the employer was unable to justify them as related to job performance. The tests involved in *Griggs* did not eliminate all blacks seeking employment, just as the citizenship requirement here does not eliminate all applicants of foreign origin. Respondent here explicitly conceded that the citizenship requirement is imposed without regard to the alien's qualifications for the job.

These petitioners against whom discrimination is charged are Chicanos. But whether brown, yellow, black, or white, the thrust of the Act is clear: alienage is no barrier to employment here. *Griggs*, as I understood it until today, extends its protective principles to all, not to blacks alone. Our cases on sex discrimination under the Act yield the same result as *Griggs*. See *Phillips v. Martin Marietta Corp.*, 400 U. S. 542 (1971).

The construction placed upon the statute in the majority opinion is an extraordinary departure from prior cases, and it is opposed by the Equal Employment Opportunity Commission, the agency provided by law with the responsibility of enforcing the Act's protections. The Commission takes the only permissible position: that discrimination on the basis of alienage *always* has the effect of discrimination on the basis of national origin. Refusing to hire an individual because he is an alien "is discrimination based on birth outside the United States and is thus discrimination based on national origin in violation of Title VII." Brief

for Commission as *Amicus Curiae* 5. The Commission's interpretation of the statute is entitled to great weight.

There is no legislative history to cast doubt on this construction.³ Indeed, any other construction flies in the face of the underlying congressional policy of removing "artificial, arbitrary, and unnecessary barriers to employment." *McDonnell Douglas Corp. v. Green*, 411 U. S. 792, 806 (1973).

Mrs. Espinoza is a permanent resident alien, married to an American citizen, and her children will be native-born American citizens. But that first generation has the greatest adjustments to make to their new country. Their unfamiliarity with America makes them the most vulnerable to exploitation and discriminatory treatment. They, of course, have the same obligation as American citizens to pay taxes, and they are subject to the draft on the same basis. But they have never received equal treatment in the job market. Writing of the immigrants of the late 1800's, Oscar Handlin has said:

"For want of alternative, the immigrants took the lowest places in the ranks of industry. They suffered in consequence from the poor pay and miserable working conditions characteristic of the sweat-

³ The only legislative history the majority points to is Congressman Roosevelt's definition of "national origin": "It means the country from which you or your forebears came. . . . You may come from Poland, Czechoslovakia, England, France, or any other country." *Ante*, at 89. But that only makes clear what petitioners here argue—that Mrs. Espinoza cannot be discriminated against because she comes from a foreign country. The majority's mention of the deletion of the word "ancestry," *ibid.*, is certainly irrelevant. Obviously "national origin" comprehends "ancestry," but as Congressman Roosevelt pointed out it means more—not only where one's forebears were born, but where one himself was born.

shops and the homework in the garment trades and in cigar making. But they were undoubtedly better off than the Irish and Germans of the 1840's for whom there had been no place at all." The New-comers 24 (1959).

The majority decides today that in passing sweeping legislation guaranteeing equal job opportunities, the Congress intended to help only the immigrant's children, excluding those "for whom there [is] no place at all." I cannot impute that niggardly an intent to Congress.

[Whereupon, at 1:15 p.m. the subcommittee adjourned.]



THE HISTORY OF THE

REIGN OF

CHARLES THE FIRST
IN THE
NINETEENTH CENTURY
BY
J. H. B. [illegible]

[The following text is extremely faint and largely illegible due to the quality of the scan. It appears to be a preface or introductory section of a historical work.]

UNIVERSITY OF FLORIDA



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